

GREATER KOKSTAD MUNICIPALITY

ANNUAL FINAL BUDGET OF

GREATER KOKSTAD MUNICIPALITY

2015/16 TO 2017/18
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading	ℓ	litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	Municipality Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DORA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		

Part 1 – Annual Final Budget

1.1 Mayor's Report

1.2 Council Resolutions

On 27 May 2015 the Council of Greater Kokstad Municipality met in the Council Chambers to consider the annual budget of the municipality for the financial year 2015/16. The Council approved and adopted the following resolutions:

1. The Council of Greater Kokstad Municipality , acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual Final budget of the municipality for the financial year 2015/16 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance A2 (revenue and expenditure by standard classification) R322,682,709
 - 1.1.2. Budgeted Financial Performance A3 (revenue and expenditure by municipal vote) R322,682,709
 - 1.1.3. Budgeted Financial Performance A4 (revenue by source) R294,854,742
 - 1.1.4. Multi-year and single-year capital appropriations A5 (by municipal vote and standard classification and associated funding by source) R37, 967,000.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position
 - 1.2.2. Budgeted Cash Flows
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation
 - 1.2.4. Asset management ; and
 - 1.2.5. Basic service delivery measurement.
2. The Council of Greater Kokstad Municipality , acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2015:
 - 2.1. the tariffs for property rates
 - 2.2. the tariffs for electricity
 - 2.3. the tariffs for the supply of refuse removal
 - 2.4. the tariffs for other charges
3. The Council of Greater Kokstad Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2015 the tariffs for other services respectively.
4. To give proper effect to the municipality's annual Final budget, the Council of Greater Kokstad Municipality approves:
 - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Some of these revenue collection strategies are electricity cut offs of consumers on arrears more than 30 days, signing of acknowledgement of debts and making arrangements as per council policies and bylaws on debt collection and credit control. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No74 and No75 were used to guide the compilation of the 2015/16 MTREF.

The main challenges experienced during the compilation of the 2015/16 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and with also ensuring the non declining cash position of the municipality;
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2015/16 MTREF process; and
- Availability of affordable capital.

The following budget principles and guidelines directly informed the compilation of the 2015/16 MTREF:

- The 2014/15 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2015/16 annual Final budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/16 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2015/16 MTREF

	Adjusted Budget year 2014/15	Budget year 2015/16	Budget year +1 2016/17	Budget year +2 2017/18
R thousands				
Total Operating Revenue	268,896,706	294,854,742	291,032,866	321,455,594
Total Operating Expenditure	272,631,729	322,738,709	334,223,076	355,228,479
Surplus (Deficit) For the year	-3,742,466	-27,883,967	-43,190,210	-33,772,885
Total Capital Expenditure	60,056,620	37,967,000	79,821,000	45,508,800

Total operating revenue has increased by 10 per cent or R25million for the 2015/16 financial year when compared to the 2014/15 Adjustments Budget. For the two outer years, operational revenue will increase by 0.0 and 0.0 per cent respectively, equating to a total revenue growth of R8 million over the MTREF when compared to the 2015/16 financial year.

Total operating expenditure for the 2015/16 financial year has been appropriated at R322,7million and translates into a budgeted deficit of R27 million. When compared to the 2014/15 Adjustments Budget, operational expenditure has increased by 18 per cent in the 2015/16 budget and increase by 4 and 6 per cent for each of the respective outer years of the MTREF.

The capital budget of R37 million for 2015/16 is 58 per cent less when compared to the 2014/15 Adjustment Budget.

1.4 Operating Revenue Framework

For Greater Kokstad Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 80 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;

- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2015/16 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source											
Property rates	2	52 046	67 242	83 223	88 435	88 435	88 435	88 435	91 493	95 842	101 455
Property rates - penalties & collection charges		2 641	4 016	2 543	1 910						
Service charges - electricity revenue	2	73 141	79 489	86 011	95 711	95 711	95 711	95 711	107 388	112 542	119 182
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	12 147	10 158	9 241	10 074	13 957	13 957	13 957	14 738	15 446	16 357
Service charges - other		2 750	2 186	1 705	1 149	1 149	1 149	1 149	1 213	1 287	1 367
Rental of facilities and equipment		1 018	817	688	738	798	798	798	936	981	1 039
Interest earned - external investments		771	432	1 049	1 090	2 290	2 290	2 290	2 701	2 831	2 998
Interest earned - outstanding debtors		-	-	-	-	3 241	3 241	3 241	3 422	3 587	3 798
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		1 457	389	1 263	201	1 133	1 133	1 133	1 197	1 270	1 348
Licences and permits		2 890	3 692	3 347	3 307	3 307	3 307	3 307	3 492	3 705	3 935
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		47 004	53 729	56 199	53 676	54 676	54 676	54 676	53 928	50 294	46 534
Other revenue	2	228	3 443	5 442	2 710	4 201	4 201	4 201	4 346	3 248	3 441
Gains on disposal of PPE		22	-	-	-	-	-	-	10 000	-	20 000
Total Revenue (excluding capital transfers and contributions)		196 115	225 594	250 711	259 000	268 897	268 897	268 897	294 855	291 033	321 456

Table 3 Percentage growth in revenue by main revenue source

	Adjusted Budget year 2014/15	%	Budget year 2015/16	%	Budget year 2016/17	%	Budget year 2017/18	%
R thousands								
Revenue By Source								
Property rates	88,435	32.89	91,493	31%	95,842	33%	101,455	32%
Property rates - penalties & collection charges								
Service charges - electricity revenue	95,711	35.59	107,388	36%	112,542	39%	119,182	37%
Service charges - water revenue			-		-			
Service charges - sanitation revenue			-		-			
Service charges - refuse revenue	13,957	5.19	14,738	5%	15,446	5%	16,357	5%
Service charges - other	1,149	0.43	1,213	0%	1,287	0%	1,367	0%
Rental of facilities and equipment	798	0.30	936	0%	981	0%	1,039	0%
Interest earned - external investments	2,290	0.85	2,701	1%	2,831	1%	2,998	1%
Interest earned - outstanding debtors	3,241	1.21	3,422	1%	3,587	1%	3,798	1%
Dividends received			-		-			
Fines	1,133	0.42	1,197	0%	1,270	0%	1,348	0%
Licences and permits	3,307	1.23	3,492	1%	3,705	1%	3,935	1%
Agency services			-		-			
Transfers recognised - operational	54,676	20.33	53,928	18%	50,294	17%	46,534	14%
Other revenue	4,201	1.56	4,346	1%	3,248	1%	3,441	1%
Gains on disposal of PPE			10,000	3%	-		20,000	6%
Total Revenue (excluding capital transfers and contributions)	268,897	100.00	294,855	100.00	291,033	100.00	321,456	100

in line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2015/16 financial year, revenue from rates and services charges totalled R214 million or 73 per cent. This increases to R225 million, and R238million in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from rates and services charges which increases from 77 per cent in 2017/18 to 74. per cent in 2016/17. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The

above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1 (see page 99).

Table 4 Operating Transfers and Grant Receipts

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		44 986	50 777	50 390	50 250	50 250	50 250	50 127	46 434	42 455
Local Government Equitable Share		42 946	48 477	47 950	47 616	47 616	47 616	47 497	43 752	39 622
Finance Management		1 250	1 500	1 550	1 700	1 700	1 700	1 700	1 725	1 800
Municipal Systems Improvement		790	800	890	934	934	934	930	957	1 033
Other transfers/grants [insert description]										
Provincial Government:		1 315	6 203	2 461	3 426	3 426	3 426	3 801	3 860	4 079
Sport and Recreation					150	150	150	150	-	-
KZN Arts and Culture				1 461	1 522	1 522	1 522	1 654	1 741	1 829
LED		483		-	-	-	-			
Library		832		-	-	-	-			
Library / Community - IDP/ Public Works			6 203	-	-	-	-			
EPWP				1 000	1 754	1 754	1 754	1 997	2 119	2 250
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	46 301	56 980	52 851	53 676	53 676	53 676	53 928	50 294	46 534
Capital Transfers and Grants										
National Government:		15 927	19 320	18 342	21 245	21 545	21 545	19 867	23 379	29 647
Municipal Infrastructure Grant (MIG)		15 927	19 320	18 342	16 545	16 545	16 545	16 867	17 379	18 147
DOE					4 700	5 000	5 000	3 000	6 000	11 500
Other capital transfers/grants [insert desc]										
Provincial Government:		-	4 251	28 677	27 000	27 000	27 000	-	-	-
Shayamoya Eco - Complex		-	-	13 677	8 500	8 500	8 500	-	-	-
Pound Management		-	1 000							
Development of light industrial Park		-	-	7 000	10 500	10 500	10 500	-	-	-
Small town Rehabilitation			3 251	8 000	8 000	8 000	8 000	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	15 927	23 571	47 019	48 245	48 545	48 545	19 867	23 379	29 647
TOTAL RECEIPTS OF TRANSFERS & GRANTS		62 228	80 551	99 870	101 921	102 221	102 221	73 795	73 673	76 181

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Local Government: Municipal Property Rates Act 6 of 2004 (hereinafter referred to as the MPRA) and Section 62 (1) (f) of the Local Government: Municipal Finance Management Act 56 of 2003 (hereinafter referred to as the MFMA) provides that a Municipality should adopt and implement a policy on the levying of Rates on ratable property. Section 3 of the Act provides that the Rates Policy takes effect on the effective date of the first valuation roll prepared by the Municipality in terms of this Act. This document sets out the Policy of the Greater Kokstad Municipality and must be read with the MPRA. In applying the rates policy the Municipality will meet the requirements of the MPRA and the MFMA, including any Regulations made under these Acts. The rates policy as set out in this document arises from and is prepared in keeping with the tenor of the preamble and the detail of the legislation in the Local Government: Municipal Property Rates Act No. 6 of 2004. All of the provisions contained in that legalisation have been taken into consideration in the preparation of this rates policy.

The following stipulations in the Property Rates Policy are highlighted:

- All residential properties with the market value of less than R40 000.00 are exempted from paying rates. The R15 000.00 impermissible rates contemplated in terms of Section 17(1)(L) of the Municipal Property Rates Act is included in the amount of R40 000.00.

Subject to the provision of multiple use properties where a property is used for multiple purposes, each part of the property shall be separately valued and the rebate applicable to such use shall be granted in respect of that part.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2015/16 financial year based on values increase from 1 July 2015 is contained below:

Table 5 Comparison of proposed rates to levied for the 2015/15 financial year

Category	Current Tariff (1 July 2014)	Proposed tariff (from 1 July 2015)
	C	
Residential properties	0.014000	0.014784
Government	0.035592	0.037585
Agricultural/Farms	0,003360	0,003696
Vacant land	0.014000	0.029568
Commercial, Business & Industrial	0.027762	0.029317
Public Service Infrastructure	0,003360	0,003548
Public benefit organisation properties	0,014000	0,003696

1.4.2 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 14, 24 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2015.

Considering the Eskom increases, the consumer tariff had to be increased by 12.20 per cent to offset the additional bulk purchase cost from 1 July 2015. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity. Registered indigents will again be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs on the water charges for domestic customers:

Table 6 Comparison between current electricity charges and increases (Domestic)

Monthly consumption kWh	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
100	113.69	127.56	13.87	12,20%
250	113.69	127.56	13.87	12,20%
500	181.45	203.59	22.14	12,20%
750	181.45	22.59	22.14	12,20%
1 000	170.67	191.49	20.82	12,20%

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2015. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). The Municipality has entered into discussions with NERSA regarding the suitability of the NERSA proposed stepped tariffs compared to those already being implemented by the Municipality already. Until the discussions are concluded, the Municipality will maintain the current stepped structure of its electricity tariffs.

The inadequate electricity bulk capacity of municipality and the impact on service delivery and development remains a challenge for the Municipality. The upgrading of the

Municipality's electricity network has therefore become a strategic priority, especially the substations and transmission lines.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers.

1.4.3 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a surplus. On consideration of inflation forecast and the provisioning of the cleansing safety services in ensuring that the municipal citizens are leaving in a clean and healthy environment also are safe from fire damages, the charges on refuse removals and general cleaning of the municipal area are proposed to increase by 5.6%.

The following table compares current and proposed amounts payable from 1 July 2015:

Table 7 Comparison between current waste removal fees and increases

	WASTE REMOVAL	MUNICIPALITY CLEANING	WASTE REMOVAL	MUNICIPALIT Y CLEANING
Tariff per container per month or part of a month: Areas serviced by means of: (Tariff is multiplied by the number of service rounds per week and the number of containers.)	Per month (R) 2014/2015		Per month (R) 2015/2016	
Per Bin per month	308.34	308.34	325.61	325.61
Refuse for bulk containers per month	503.78	503.78	531.99	531.99
Cost per removal per container	176.58	176.58	186.47	186.47
Not exceeding two removals per week	209.34	209.34	221.06	221.06

1.4.4 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

All other municipal charges for the direct services provided on municipal citizen's request are proposed to increase by 5.6%. These are services like use of municipal facilities, cemetery services, other traffic management services, building control services, planning services and etc

Table 8 KZN 433 GREATER KOKSTAD Table SA14 – Household bills

KZN433 Greater Kokstad - Supporting Table SA14 Household bills

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16 % incr.	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		47 951.28	2 383.42	2 550.20	2 677.77	2 677.77	2 677.77	5.6%	2 827.73	2 963.46	3 138.30
Electricity: Basic levy		806.25	960.00	1 027.20	1 103.11	1 103.11	1 103.11	5.6%	1 164.88	1 220.80	1 292.83
Electricity: Consumption		53 815.00	5 600.00	2 200.00	2 362.58	2 362.58	2 362.58	5.6%	2 494.88	2 614.64	2 768.90
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		1 884.30	186.33	199.37	210.53	210.53	210.53	5.6%	222.32	233.00	246.74
Other											
sub-total		104 456.83	9 129.75	5 976.77	6 353.99	6 353.99	6 353.99	5.6%	6 709.82	7 031.89	7 446.77
VAT on Services											
Total large household bill:		104 456.83	9 129.75	5 976.77	6 353.99	6 353.99	6 353.99	5.6%	6 709.82	7 031.89	7 446.77
% increase/decrease			(91.3%)	(34.5%)	6.3%	-	-		5.6%	4.8%	5.9%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		863.28	1 400.00	1 572.90	1 660.98	1 660.98	1 660.98	5.6%	1 754.00	1 838.19	1 946.64
Electricity: Basic levy		806.25	740.00	831.61	893.07	893.07	893.07	5.6%	943.08	988.35	1 046.66
Electricity: Consumption		3 441.25	2 940.00	1 575.00	1 691.39	1 691.39	1 691.39	5.6%	1 786.11	1 871.84	1 982.28
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		1 884.30	186.33	199.37	210.53	210.53	210.53	5.6%	222.32	233.00	246.74
Other											
sub-total		6 995.08	5 266.33	4 178.88	4 455.98	4 455.98	4 455.98	5.6%	4 705.51	4 931.37	5 222.33
VAT on Services											
Total small household bill:		6 995.08	5 266.33	4 178.88	4 455.98	4 455.98	4 455.98	5.6%	4 705.51	4 931.37	5 222.33
% increase/decrease			(24.7%)	(20.6%)	6.6%	-	-		5.6%	4.8%	5.9%
Monthly Account for Household - 'Indigent'	3										
Household receiving free basic services											
Rates and services charges:											
Property rates		5 600.42	542.00	579.94	612.42	612.42	612.42	5.6%	646.71	677.75	717.74
Electricity: Basic levy			560.00	599.20	643.48	643.48	643.48	5.6%	679.52	712.13	754.15
Electricity: Consumption		750.00	1 143.80	1 223.87	1 314.31	1 314.31	1 314.31	5.6%	1 387.92	1 454.54	1 540.35
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		1 238.60	186.33	199.37	210.53	210.53	210.53	5.6%	222.32	233.00	246.74
Other											
sub-total		7 589.02	2 432.13	2 602.38	2 780.75	2 780.75	2 780.75	5.6%	2 936.47	3 077.42	3 258.99
VAT on Services											
Total small household bill:		7 589.02	2 432.13	2 602.38	2 780.75	2 780.75	2 780.75	5.6%	2 936.47	3 077.42	3 258.99
% increase/decrease			(68.0%)	7.0%	6.9%	-	-		5.6%	4.8%	5.9%

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2015/16 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services.

The following table is a high level summary of the 2015/16 budget and MTREF (classified per main type of operating expenditure):

Table 9 Summary of operating expenditure by standard classification item

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
Expenditure By Type											
Employee related costs	2	69,268	85,645	85,904	84,514	84,848	84,848	84,848	96,948	103,832	111,204
Remuneration of councillors		4,255	4,268	4,555	5,087	5,709	5,709	5,709	6,109	6,542	7,013
Debt impairment	3	1,428	13,228	12,763	15,000	13,000	13,000	13,000	13,000	13,624	14,428
Depreciation & asset impairment	2	40,552	33,225	38,275	42,000	42,000	42,000	42,000	42,000	44,016	46,613
Finance charges		728	1,092	2,657	1,053	2,579	2,579	2,579	1,536	1,610	1,705
Bulk purchases	2	51,611	61,780	60,070	75,642	75,642	75,642	75,642	86,413	90,561	95,904
Other materials	8	1,198									
Contracted services		21,584	24,130	16,765	15,953	23,253	23,253	23,253	24,599	25,782	27,302
Transfers and grants		2,420	3,210	5,072	5,000	5,000	5,000	5,000	14,372	15,062	15,951
Other expenditure	4, 5	52,174	50,972	24,891	27,448	20,608	20,608	20,608	37,761	39,592	41,927
Loss on disposal of PPE											
Total Expenditure		245,218	277,549	250,951	271,697	272,639	272,639	272,639	322,739	340,622	362,047
Surplus/(Deficit)		(49,103)	(51,955)	(241)	(12,697)	(3,742)	(3,742)	(3,742)	(27,884)	(49,589)	(40,591)
Transfers recognised - capital		26,599	31,409	30,456	48,545	48,545	48,545	48,545	19,867	23,379	29,647

The budgeted allocation for employee related costs for the 2015/16 financial year totals R103 million, which equals 32 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 7% per cent for the 2015/16 financial year. As part of the Municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. As part of the planning assumptions and interventions all vacancies were originally removed from the budget and a report was compiled by the Corporate Services Department relating to the prioritization of critical vacancies within the Municipality. The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 86 per cent and the Debt Write-off Policy of the Municipality. For the 2015/16 financial year this amount equates to R15million and escalates to R16million by 2016/17. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R42 million for the 2015/16 financial and equates to 15 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

1.5.1 Priority given to repairs and maintenance

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
R thousand											
Repairs and maintenance expenditure by Asset Class/Sub-class											
Infrastructure	2	2 003	3 586	1 481	5 298	5 095	5 095	7 983	8 366	8 859	
Infrastructure - Road transport		-	-	697	3 500	3 247	3 247	3 247	3 403	3 604	
Roads, Pavements & Bridges				697	3 500	3 247	3 247	3 247	3 403	3 604	
Storm water											
Infrastructure - Electricity		-	-	784	1 798	1 798	1 798	4 681	4 905	5 195	
Generation				266	1 798	1 798	1 798	4 681	4 905	5 195	
Transmission & Reticulation											
Street Lighting				519							
Infrastructure - Water		-	-	-	-	-	-	-	-	-	
Dams & Reservoirs											
Water purification											
Reticulation											
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	
Reticulation											
Sewerage purification											
Infrastructure - Other		2 003	3 586	-	-	50	50	55	58	61	
Waste Management											
Transportation											
Gas											
Other		3	2 003	3 586	-	-	50	50	55	58	61
Community			-	-	875	1 042	1 271	1 271	2 378	2 501	2 644
Parks & gardens		7			725	403	646	646	1 303	1 365	1 446
Sportsfields & stadia											
Swimming pools											
Community halls											
Libraries					337	110	110	110	115	122	
Recreational facilities											
Fire, safety & emergency					23	20	20	20	21	22	
Security and policing				29	30	45	45	45	47	50	
Buses											
Clinics											
Museums & Art Galleries	8										
Cemeteries											
Social rental housing											
Other				121	250	450	450	900	952	1 005	
Heritage assets	9	-	-	-	-	-	-	-	-	-	
Buildings											
Other											
Investment properties		-	-	-	-	-	-	-	-	-	
Housing development	10										
Other											
Other assets		-	-	821	895	1 295	1 295	1 290	1 352	1 432	
General vehicles				777	840	1 240	1 240	1 190	1 247	1 321	
Specialised vehicles		-	-	-	-	-	-	-	-	-	
Plant & equipment					50	50	50	50	52	55	
Computers - hardware/equipment				44	5	5	5	50	52	55	
Furniture and other office equipment											
Abattoirs											
Markets											
Civic Land and Buildings											
Other Buildings											
Other Land											
Surplus Assets - (Investment or Inventory)											
Other											
Agricultural assets		-	-	-	-	-	-	-	-	-	
List sub-class											
Biological assets		-	-	-	-	-	-	-	-	-	
List sub-class											
Intangibles		-	-	-	-	-	-	-	-	-	
Computers - software & programming											
Other (list sub-class)											
Total Repairs and Maintenance Expenditure	1	2 003	3 586	3 177	7 235	7 661	7 661	11 650	12 218	12 935	

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2015/16 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance

plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

During the compilation of the 2015/16 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased by 52.1 per cent in the 2015/16 financial year, from R7, 7 million to R11, 6 million. In relation to the total operating expenditure, repairs and maintenance comprises of 2.36, 2.26 and 2.56 per cent for the respective financial years of the MTREF.

1.5.2 Free Basic Services: Basic Social Services Package

KZN433 Greater Kokstad - Table A10 Basic service delivery measurement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Household service targets	1									
Water:										
Piped water inside dwelling		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Piped water inside yard (but not in dwelling)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Using public tap (at least min.service level)	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other water supply (at least min.service level)	4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other water supply (< min.service level)	4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
No water supply		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Flush toilet (with septic tank)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Chemical toilet		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Pit toilet (ventilated)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other toilet provisions (> min.service level)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other toilet provisions (< min.service level)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
No toilet provisions		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		190	10 286	11 191	12 078	12 078	12 078	12 369	13 099	13 832
Electricity - prepaid (min.service level)										
<i>Minimum Service Level and Above sub-total</i>		190	10 286	11 191	12 078	12 078	12 078	12 369	13 099	13 832
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	190	10 286	11 191	12 078	12 078	12 078	12 369	13 099	13 832
Refuse:										
Removed at least once a week		187 000	9 480	8 965	8 529	8 529	8 529	8 965	9 494	10 026
<i>Minimum Service Level and Above sub-total</i>		187 000	9 480	8 965	8 529	8 529	8 529	8 965	9 494	10 026
Removed less frequently than once a week										
Using communal refuse dump										
Using own refuse dump		806	806	774	776	776	776	775	775	775
Other rubbish disposal										
No rubbish disposal										
<i>Below Minimum Service Level sub-total</i>		806	806	774	776	776	776	775	775	775
Total number of households	5	187 806	10 286	9 739	9 305	9 305	9 305	9 740	10 269	10 801
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)										
Sanitation (free minimum level service)										
Electricity/other energy (50kwh per household per month)		3 920	4 909	3 389	5 000	5 000	5 000	3 849	4 076	4 304
Refuse (removed at least once a week)		3 920	4 909	3 389	5 000	5 000	5 000	3 849	4 076	4 304
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)										
Sanitation (free sanitation service)										
Electricity/other energy (50kwh per household per month)		574	1 584	2 033	2 296	2 296	2 296			
Refuse (removed once a week)		1 318	8 760	8 546	3 300	3 300	3 300	2 033	2 153 371	2 280 419
Total cost of FBS provided (minimum social package)		1 892	10 344	10 580	5 596	5 596	5 596	9 025	2 153	2 280
Highest level of free service provided										
Property rates (R value threshold)		40 000	40 000	3 510 423	40 000	40 000	40 000	3 707 006	3 925 720	4 157 337
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)		151 500	193 750	169 450	169 450	169 450	169 450	169 450	179 448	190 035
Refuse (average litres per week)		493 132	722 029	20 334	713 520	713 520	713 520	20 334	21 534	22 804
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		40	3 626	712	3 699	3 699	3 699	752	795 869	842 826
Property rates (other exemptions, reductions and rebates)		11 684	20 028	1 186	7 972	7 972	7 972	1 253	1 326 449	1 404 709
Water										
Sanitation										
Electricity/other energy		574	1 585	2 033	2 296	2 296	2 296	2 033	2 153 371	2 280 419
Refuse		1 318	730	8 546	3 300	3 300	3 300	9 025	9 557 178	10 121 052
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other	6		395	386				407	431 535	456 996
Total revenue cost of free services provided (total social package)		13 616	26 364	12 863	17 267	17 267	17 267	13 470	14 264	15 106

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 3 500 or more indigent households during the 2015/16 financial year, a process reviewed annually.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2015/16 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 10 MBRR Table A1 - Budget Summary

Explanatory notes to MBRR Table A1 - Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands										
Financial Performance										
Property rates	54,687	71,259	85,766	90,345	88,435	88,435	88,435	91,493	95,842	101,455
Service charges	88,038	91,834	96,957	106,933	110,816	110,816	110,816	123,339	129,275	136,906
Investment revenue	771	432	1,049	1,090	2,290	2,290	2,290	2,701	2,831	2,998
Transfers recognised - operational	47,004	53,729	56,199	53,676	54,676	54,676	54,676	53,928	50,294	46,534
Other own revenue	5,615	8,340	10,739	6,956	12,680	12,680	12,680	23,393	12,791	33,562
Total Revenue (excluding capital transfers and contributions)	196,115	225,594	250,711	259,000	268,897	268,897	268,897	294,855	291,033	321,456
Employee costs	69,268	85,645	85,904	84,514	84,848	84,848	84,848	96,948	103,832	111,204
Remuneration of councillors	4,255	4,268	4,555	5,087	5,709	5,709	5,709	6,109	6,542	7,013
Depreciation & asset impairment	40,552	33,225	38,275	42,000	42,000	42,000	42,000	42,000	44,016	46,613
Finance charges	728	1,092	2,657	1,053	2,579	2,579	2,579	1,536	1,610	1,705
Materials and bulk purchases	52,809	61,780	60,070	75,642	75,642	75,642	75,642	86,413	90,561	95,904
Transfers and grants	2,420	3,210	5,072	5,000	5,000	5,000	5,000	14,372	15,062	15,951
Other expenditure	75,186	88,330	54,418	58,401	56,861	56,861	56,861	75,360	78,998	83,657
Total Expenditure	245,218	277,549	250,951	271,697	272,639	272,639	272,639	322,739	340,622	362,047
Surplus/(Deficit)	(49,103)	(51,955)	(241)	(12,697)	(3,742)	(3,742)	(3,742)	(27,884)	(49,589)	(40,591)
Transfers recognised - capital	26,599	31,409	30,456	48,545	48,545	48,545	48,545	19,867	23,379	29,647
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(22,504)	(20,546)	30,215	35,848	44,803	44,803	44,803	(8,017)	(26,210)	(10,944)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(22,504)	(20,546)	30,215	35,848	44,803	44,803	44,803	(8,017)	(26,210)	(10,944)
Capital expenditure & funds sources										
Capital expenditure	67,202	45,080	42,164	64,632	60,057	60,057	60,057	37,967	79,821	45,509
Transfers recognised - capital	26,599	31,412	27,170	48,545	48,545	48,545	48,545	19,867	23,379	29,647
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	40,603	13,668	14,994	16,087	11,512	11,512	11,512	18,100	56,442	15,862
Total sources of capital funds	67,202	45,080	42,164	64,632	60,057	60,057	60,057	37,967	79,821	45,509
Financial position										
Total current assets	29,339	22,989	28,465	18,851	104,702	104,702	104,702	73,607	77,400	81,379
Total non current assets	469,841	507,160	506,755	475,777	513,854	513,854	513,854	588,995	622,138	655,457
Total current liabilities	40,802	54,548	32,575	19,549	21,768	21,768	21,768	43,219	45,158	47,662
Total non current liabilities	18,030	23,832	22,917	22,031	17,706	17,706	17,706	18,950	19,115	15,998
Community wealth/Equity	440,348	451,769	479,729	453,047	579,081	579,081	579,081	600,434	635,264	673,175
Cash flows										
Net cash from (used) operating	40,470	28,769	69,813	71,569	104,578	104,578	104,578	29,811	23,464	20,135
Net cash from (used) investing	(38,371)	(44,656)	(37,555)	(64,632)	(60,357)	(60,357)	(60,357)	(26,717)	(79,821)	(25,509)
Net cash from (used) financing	1,285	7,134	(2,803)	(2,699)	(2,800)	(2,800)	(2,800)	(897)	(491)	(521)
Cash/cash equivalents at the year end	8,228	(524)	28,931	33,169	54,944	54,944	54,944	56,924	77	(5,818)
Cash backing/surplus reconciliation										
Cash and investments available	8,229	3,454	13,535	7,967	58,864	58,864	58,864	56,924	59,576	62,363
Application of cash and investments	19,059	35,528	17,489	100	(35,573)	(35,573)	(35,573)	17,165	18,144	19,156
Balance - surplus (shortfall)	(10,830)	(32,074)	(3,954)	7,867	94,436	94,436	94,436	39,759	41,432	43,207
Asset management										
Asset register summary (WDV)	469,841	506,418	506,014	475,035	513,112	513,112	588,253	588,253	620,963	654,386
Depreciation & asset impairment	40,552	33,225	38,275	42,000	42,000	42,000	42,000	42,000	44,016	46,613
Renewal of Existing Assets	-	-	-	45,217	40,789	40,789	40,789	23,300	42,379	38,947
Repairs and Maintenance	2,003	3,586	3,177	7,235	7,661	7,661	11,650	11,650	12,218	12,935
Free services										
Cost of Free Basic Services provided	1,892	10,344	10,580	5,596	5,596	5,596	9,025	9,025	2,153	2,280
Revenue cost of free services provided	13,616	26,364	12,863	17,267	17,267	17,267	13,470	13,470	14,264	15,106
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	1	1	1	1	1	1	1	1	1	1

- Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - Capital expenditure is balanced by capital funding sources, of which

- i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. These places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2014/15, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2015/16 the water backlog will have been very nearly eliminated

Table 11 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		124,903	148,626	154,113	142,888	146,836	146,836	149,058	150,070	152,165
Executive and council		3,801	197	12,118	-	-	-	-	-	-
Budget and treasury office		120,851	146,829	141,819	142,620	146,574	146,574	148,775	149,774	151,851
Corporate services		251	1,600	176	268	262	262	283	296	314
<i>Community and public safety</i>		13,919	17,294	12,327	8,498	9,590	9,590	10,521	10,984	11,643
Community and social services		1,162	2,068	2,664	3,586	3,646	3,646	4,042	4,269	4,513
Sport and recreation		139	204	302	255	255	255	261	116	123
Public safety		5,197	5,878	6,314	4,657	5,689	5,689	6,219	6,598	7,007
Housing		7,421	9,143	3,047	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		17,986	1,391	19,362	1,239	2,239	2,239	28,643	18,717	39,564
Planning and development		1,354	1,389	1,021	1,235	2,235	2,235	11,273	1,334	21,413
Road transport		16,632	2	18,341	3	4	4	17,371	17,383	18,151
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		85,424	89,694	95,364	106,375	110,258	110,258	126,499	134,641	147,731
Electricity		73,277	79,535	86,123	96,301	96,301	96,301	111,761	119,196	131,374
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		12,147	10,158	9,241	10,074	13,957	13,957	14,738	15,446	16,357
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	242,232	257,004	281,166	259,000	268,923	268,923	314,722	314,412	351,103
Expenditure - Standard										
<i>Governance and administration</i>		137,257	139,027	122,685	122,364	124,584	124,584	123,268	130,091	138,309
Executive and council		25,138	32,479	16,045	16,241	17,933	17,933	20,972	22,344	23,880
Budget and treasury office		94,497	79,447	82,818	81,619	79,392	79,392	74,117	77,932	82,685
Corporate services		17,622	27,101	23,823	24,503	27,259	27,259	28,180	29,815	31,745
<i>Community and public safety</i>		35,380	39,609	31,192	30,754	29,843	29,843	34,486	36,756	39,317
Community and social services		6,963	9,243	7,062	8,898	8,214	8,214	9,766	10,408	11,127
Sport and recreation		3,470	5,008	5,083	4,884	5,265	5,265	6,358	6,779	7,250
Public safety		17,526	18,521	17,168	16,973	16,364	16,364	18,362	19,568	20,941
Housing		7,421	6,837	1,879	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		19,361	19,692	17,748	22,820	22,063	22,063	35,195	37,331	39,795
Planning and development		10,516	10,596	9,318	10,423	10,103	10,103	22,783	24,112	25,669
Road transport		8,845	9,096	8,430	12,397	11,961	11,961	12,412	13,219	14,126
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		72,737	79,221	79,325	95,814	96,118	96,118	129,789	136,444	144,626
Electricity		63,554	69,587	71,290	88,243	88,318	88,318	112,170	117,797	124,766
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		9,183	9,634	8,035	7,571	7,800	7,800	17,618	18,648	19,859
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	264,735	277,549	250,951	271,752	272,608	272,608	322,739	340,622	362,047
Surplus/(Deficit) for the year		(22,503)	(20,546)	30,215	(12,752)	(3,685)	(3,685)	(8,017)	(26,210)	(10,944)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
- Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
- Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue.

Table 12 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote	1									
Vote 1 - EXECUTIVE AND COUNCIL		-	-	12,118	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		-	-	176	268	262	262	283	296	314
Vote 3 - BUDGET AND TREASURY		-	-	141,819	142,620	146,574	146,574	148,775	149,774	151,851
Vote 4 - COMMUNITY AND SOCIAL SERVICES		-	-	2,966	3,841	3,901	3,901	4,303	4,386	4,636
Vote 5 - PUBLIC SAFETY		-	-	6,314	4,657	5,689	5,689	6,219	6,598	7,007
Vote 6 - WAST MANAGEMENT		-	-	9,241	10,074	13,957	13,957	14,738	15,446	16,357
Vote 7 - PLANNING AND DEVELOPMENT		-	-	4,068	1,235	2,235	2,235	11,273	1,334	21,413
Vote 8 - ROAD TRANSPORT		-	-	18,341	3	4	4	17,371	17,383	18,151
Vote 9 - ELECTRICITY SERVICES		-	-	86,123	96,301	96,301	96,301	111,761	119,196	131,374
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	-	281,166	259,000	268,923	268,923	314,722	314,412	351,103
Expenditure by Vote to be appropriated	1									
Vote 1 - EXECUTIVE AND COUNCIL		-	-	16,045	16,241	17,933	17,933	20,972	22,344	23,880
Vote 2 - CORPORATE SERVICES		-	-	23,823	24,503	27,259	27,259	28,180	29,815	31,745
Vote 3 - BUDGET AND TREASURY		-	-	82,818	81,619	79,392	79,392	74,117	77,932	82,685
Vote 4 - COMMUNITY AND SOCIAL SERVICES		-	-	12,144	13,781	13,479	13,479	16,124	17,188	18,377
Vote 5 - PUBLIC SAFETY		-	-	17,168	16,973	16,364	16,364	18,362	19,568	20,941
Vote 6 - WAST MANAGEMENT		-	-	8,035	7,571	7,800	7,800	17,618	18,648	19,859
Vote 7 - PLANNING AND DEVELOPMENT		-	-	11,198	10,423	10,103	10,103	22,783	24,112	25,669
Vote 8 - ROAD TRANSPORT		-	-	8,430	12,397	11,961	11,961	12,412	13,219	14,126
Vote 9 - ELECTRICITY SERVICES		-	-	71,290	88,243	88,318	88,318	112,170	117,797	124,766
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	-	250,951	271,752	272,608	272,608	322,739	340,622	362,047
Surplus/(Deficit) for the year	2	-	-	30,215	(12,752)	(3,685)	(3,685)	(8,017)	(26,210)	(10,944)

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.
2. Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, *and are not used to cross-subsidise other municipal services.*

Table 13 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
Revenue By Source											
Property rates	2	52,046	67,242	83,223	88,435	88,435	88,435	88,435	91,493	95,842	101,455
Property rates - penalties & collection charges		2,641	4,016	2,543	1,910						
Service charges - electricity revenue	2	73,141	79,489	86,011	95,711	95,711	95,711	95,711	107,388	112,542	119,182
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	12,147	10,158	9,241	10,074	13,957	13,957	13,957	14,738	15,446	16,357
Service charges - other		2,750	2,186	1,705	1,149	1,149	1,149	1,149	1,213	1,287	1,367
Rental of facilities and equipment		1,018	817	688	738	798	798	798	936	981	1,039
Interest earned - external investments		771	432	1,049	1,090	2,290	2,290	2,290	2,701	2,831	2,998
Interest earned - outstanding debtors		-	-	-	-	3,241	3,241	3,241	3,422	3,587	3,798
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		1,457	389	1,263	201	1,133	1,133	1,133	1,197	1,270	1,348
Licences and permits		2,890	3,692	3,347	3,307	3,307	3,307	3,307	3,492	3,705	3,935
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		47,004	53,729	56,199	53,676	54,676	54,676	54,676	53,928	50,294	46,534
Other revenue	2	228	3,443	5,442	2,710	4,201	4,201	4,201	4,346	3,248	3,441
Gains on disposal of PPE		22	-	-	-	-	-	-	10,000	-	20,000
Total Revenue (excluding capital transfers and contributions)		196,115	225,594	250,711	259,000	268,897	268,897	268,897	294,855	291,033	321,456
Expenditure By Type											
Employee related costs	2	69,268	85,645	85,904	84,514	84,848	84,848	84,848	96,948	103,832	111,204
Remuneration of councillors		4,255	4,268	4,555	5,087	5,709	5,709	5,709	6,109	6,542	7,013
Debt impairment	3	1,428	13,228	12,763	15,000	13,000	13,000	13,000	13,624	14,428	
Depreciation & asset impairment	2	40,552	33,225	38,275	42,000	42,000	42,000	42,000	42,000	44,016	46,613
Finance charges		728	1,092	2,657	1,053	2,579	2,579	2,579	1,536	1,610	1,705
Bulk purchases	2	51,611	61,780	60,070	75,642	75,642	75,642	75,642	86,413	90,561	95,904
Other materials	8	1,198	-	-	-	-	-	-	-	-	-
Contracted services		21,584	24,130	16,765	15,953	23,253	23,253	23,253	24,599	25,782	27,302
Transfers and grants		2,420	3,210	5,072	5,000	5,000	5,000	5,000	14,372	15,062	15,951
Other expenditure	4, 5	52,174	50,972	24,891	27,448	20,608	20,608	20,608	37,761	39,592	41,927
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Expenditure		245,218	277,549	250,951	271,697	272,639	272,639	272,639	322,739	340,622	362,047
Surplus/(Deficit)											
		(49,103)	(51,955)	(241)	(12,697)	(3,742)	(3,742)	(3,742)	(27,884)	(49,589)	(40,591)
Transfers recognised - capital		26,599	31,409	30,456	48,545	48,545	48,545	48,545	19,867	23,379	29,647
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(22,504)	(20,546)	30,215	35,848	44,803	44,803	44,803	(8,017)	(26,210)	(10,944)
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(22,504)	(20,546)	30,215	35,848	44,803	44,803	44,803	(8,017)	(26,210)	(10,944)
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(22,504)	(20,546)	30,215	35,848	44,803	44,803	44,803	(8,017)	(26,210)	(10,944)
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		(22,504)	(20,546)	30,215	35,848	44,803	44,803	44,803	(8,017)	(26,210)	(10,944)

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R295 million in 2015/16 and escalates to R291 million by 2017/18. Revenue to be generated from property rates is 91 million in the 2015/16 financial year and increases to R101 million by 2017/18 which represents 32 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality.
2. Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R123 million for the 2015/16 financial year and increasing to R129 million by 2016/17. This growth can mainly be attributed to the increase in the bulk prices of electricity.
3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. The percentage share of this revenue source increases.
4. Bulk purchases have significantly increased over the 2015/16 to 2016/17 period escalating from R107 million to R112 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom .

5. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 14 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		3,251	2,949	4,781	19,000	19,000	19,000	19,000	7,000	-	-
Vote 2 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 3 - BUDGET AND TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY AND SOCIAL SERVICES		-	-	-	100	100	100	100	2,550	12,000	-
Vote 5 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 6 - WAST MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 7 - PLANNING AND DEVELOPMENT		7,421	-	-	-	-	-	-	5,167	18,000	6,000
Vote 8 - ROAD TRANSPORT		-	-	-	40,517	35,789	35,789	35,789	16,600	24,879	22,647
Vote 9 - ELECTRICITY SERVICES		-	-	-	4,700	5,000	5,000	5,000	4,700	13,000	16,300
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	10,672	2,949	4,781	64,317	59,889	59,889	59,889	36,017	67,879	44,947
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		-	-	-	-	-	-	-	1,850	5,560	562
Vote 3 - BUDGET AND TREASURY		-	-	-	15	167	167	167	100	1,882	-
Vote 4 - COMMUNITY AND SOCIAL SERVICES		-	-	-	-	-	-	-	-	4,500	-
Vote 5 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 6 - WAST MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 7 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 8 - ROAD TRANSPORT		-	-	-	-	-	-	-	-	-	-
Vote 9 - ELECTRICITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	15	167	167	167	1,950	11,942	562
Total Capital Expenditure - Vote		10,672	2,949	4,781	64,332	60,057	60,057	60,057	37,967	79,821	45,509
Capital Expenditure - Standard											
Governance and administration		830	3,100	6,497	19,015	19,167	19,167	19,167	8,950	7,442	562
Executive and council		-	-	6,497	19,000	19,000	19,000	19,000	7,000	-	-
Budget and treasury office		500	1,100	-	-	-	-	-	100	1,882	-
Corporate services		330	2,000	-	15	167	167	167	1,850	5,560	562
Community and public safety		4,616	29,650	3,047	100	100	100	100	2,550	16,500	-
Community and social services		2,846	200	-	100	100	100	100	2,550	12,500	-
Sport and recreation		-	1,000	-	-	-	-	-	-	4,000	-
Public safety		770	7,250	-	-	-	-	-	-	-	-
Housing		1,000	21,200	3,047	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		51,570	43,241	31,147	40,517	35,789	35,789	35,789	21,767	42,879	28,647
Planning and development		2,025	128	-	-	-	-	-	5,167	18,000	6,000
Road transport		49,545	43,113	31,147	40,517	35,789	35,789	35,789	16,600	24,879	22,647
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		5,682	14,450	1,200	5,000	5,000	5,000	5,000	4,700	13,000	16,300
Electricity		5,382	14,300	1,200	5,000	5,000	5,000	5,000	4,700	13,000	16,300
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		300	150	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	67,202	45,080	42,164	64,632	60,057	60,057	60,057	37,967	79,821	45,509
Funded by:											
National Government		15,927	19,320	16,198	21,545	21,545	21,545	21,545	19,867	23,379	29,647
Provincial Government		10,672	12,092	10,972	27,000	27,000	27,000	27,000	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	26,599	31,412	27,170	48,545	48,545	48,545	48,545	19,867	23,379	29,647
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		40,603	13,668	14,994	16,087	11,512	11,512	11,512	18,100	56,442	15,862
Total Capital Funding	7	67,202	45,080	42,164	64,632	60,057	60,057	60,057	37,967	79,821	45,509

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. This allocation escalates to R37 million in 2015/16 and then flattens out to R75million in 2016/17.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations and internally generated funds from current year surpluses. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 15 MBRR Table A6 - Budgeted Financial Position

KZN433 Greater Kokstad - Table A6 Budgeted Financial Position

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
ASSETS											
Current assets											
Cash		2,275	33	12	4,137	4,137	4,137	4,137	13,523	13,744	13,965
Call investment deposits	1	5,954	3,420	13,523	3,830	54,727	54,727	54,727	43,401	45,832	48,399
Consumer debtors	1	21,110	19,158	14,616	9,412	24,412	24,412	24,412	16,278	17,190	18,152
Other debtors					986	20,940	20,940	20,940			
Current portion of long-term receivables					-						
Inventory	2		377	314	486	486	486	486	405	634	863
Total current assets		29,339	22,989	28,465	18,851	104,702	104,702	104,702	73,607	77,400	81,379
Non current assets											
Long-term receivables											
Investments											
Investment property			22,161	22,801	22,161	22,801	22,801	22,801	22,801	22,801	22,801
Investment in Associate											
Property, plant and equipment	3	469,841	482,986	481,956	451,603	489,054	489,054	489,054	564,195	597,338	630,657
Agricultural											
Biological			1,232	1,232	1,232	1,232	1,232	1,232	1,232	1,232	1,232
Intangible			39	25	39	25	25	25	25	25	25
Other non-current assets			742	742	742	742	742	742	742	742	742
Total non current assets		469,841	507,160	506,755	475,777	513,854	513,854	513,854	588,995	622,138	655,457
TOTAL ASSETS		499,180	530,149	535,221	494,628	618,555	618,555	618,555	662,602	699,537	736,836
LIABILITIES											
Current liabilities											
Bank overdraft	1				-						
Borrowing	4	629	706	-	797	3,016	3,016	3,016	3,223	2,932	3,105
Consumer deposits					3,875	3,875	3,875	3,875	3,949	4,178	4,407
Trade and other payables	4	40,173	53,842	32,575	9,086	9,086	9,086	9,086	31,667	33,441	35,313
Provisions					5,791	5,791	5,791	5,791	4,379	4,608	4,837
Total current liabilities		40,802	54,548	32,575	19,549	21,768	21,768	21,768	43,219	45,158	47,662
Non current liabilities											
Borrowing		5,296	9,734	6,918	7,932	3,607	3,607	3,607	2,951	3,117	-
Provisions		12,734	14,099	15,998	14,099	14,099	14,099	14,099	15,998	15,998	15,998
Total non current liabilities		18,030	23,832	22,917	22,031	17,706	17,706	17,706	18,950	19,115	15,998
TOTAL LIABILITIES		58,832	78,380	55,492	41,581	39,474	39,474	39,474	62,168	64,274	63,660
NET ASSETS	5	440,348	451,769	479,729	453,047	579,081	579,081	579,081	600,434	635,264	673,175
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		440,348	451,769	479,729	453,047	579,081	579,081	579,081	600,434	635,264	673,175
Reserves	4	-	-	-	-	-	-	-	-	-	-
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	440,348	451,769	479,729	453,047	579,081	579,081	579,081	600,434	635,264	673,175

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Table A6 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non current;
 - Changes in net assets; and
 - Reserves
- The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
- Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as

the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 16 MBRR Table A7 - Budgeted Cash Flow Statement

KZN433 Greater Kokstad - Table A7 Budgeted Cash Flows

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		54,687	71,259	83,702	86,001	99,246	99,246	99,246	82,344	86,169	91,254
Service charges		88,038	91,834	115,421	87,798	105,244	105,244	105,244	111,005	116,348	123,216
Other revenue		5,626	784	560	2,710	4,201	4,201	4,201	9,971	9,204	9,763
Government - operating	1	54,425	53,729	56,199	53,676	54,676	54,676	54,676	53,928	50,294	46,534
Government - capital	1	19,178	29,166	31,996	48,545	48,545	48,545	48,545	19,867	23,379	29,647
Interest		771	432	1,049	1,090	2,290	2,290	2,290	5,166	5,413	5,733
Dividends									-	-	-
Payments											
Suppliers and employees		(181,527)	(216,412)	(216,459)	(207,198)	(207,044)	(207,044)	(207,044)	(250,933)	(265,733)	(284,306)
Finance charges		(728)	(2,023)	(2,657)	(1,053)	(2,579)	(2,579)	(2,579)	(1,536)	(1,610)	(1,705)
Transfers and Grants	1								-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		40,470	28,769	69,813	71,569	104,578	104,578	104,578	29,811	23,464	20,135
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		28,831	424	1	-				11,250	-	20,000
Decrease (Increase) in non-current debtors									-	-	-
Decrease (Increase) other non-current receivables									-	-	-
Decrease (Increase) in non-current investments									-	-	-
Payments											
Capital assets		(67,202)	(45,080)	(37,557)	(64,632)	(60,357)	(60,357)	(60,357)	(37,967)	(79,821)	(45,509)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(38,371)	(44,656)	(37,555)	(64,632)	(60,357)	(60,357)	(60,357)	(26,717)	(79,821)	(25,509)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans			1,250						-	-	-
Borrowing long term/refinancing		1,843	6,514	(2,097)	584				-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing		(558)	(629)	(706)	(3,283)	(2,800)	(2,800)	(2,800)	(897)	(491)	(521)
NET CASH FROM/(USED) FINANCING ACTIVITIES		1,285	7,134	(2,803)	(2,699)	(2,800)	(2,800)	(2,800)	(897)	(491)	(521)
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	3,384	(8,753)	29,454	4,238	41,422	41,422	41,422	2,197	(56,847)	(5,894)
Cash/cash equivalents at the year end:	2	4,845	8,228	(523)	28,931	13,523	13,523	13,523	54,727	56,924	77
	2	8,228	(524)	28,931	33,169	54,944	54,944	54,944	56,924	77	(5,818)

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The Final 2015/16 MTREF provide for a further net increase in cash of R13 million for the 2014/15 financial year resulting in an overall projected positive cash position of 20 million at year end.
4. As part of the 2014/15 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.
5. The 2014/15 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Cash and cash equivalents totals R20 million as at the end of the 2014/15 financial year.

Table 17 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	8,228	(524)	28,931	33,169	54,944	54,944	54,944	56,924	77	(5,818)
Other current investments > 90 days	1	1	3,978	(15,396)	(25,201)	3,919	3,919	3,919	0	59,499	68,181
Non current assets - Investments		-	-	-	-	-	-	-	-	-	-
Cash and investments available:		8,229	3,454	13,535	7,967	58,864	58,864	58,864	56,924	59,576	62,363
Application of cash and investments											
Unspent conditional transfers		5,486	3,242	4,783	3,830	3,830	3,830	3,830	3,875	4,092	4,321
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	13,573	32,286	12,706	(3,730)	(39,403)	(39,403)	(39,403)	13,290	14,051	14,835
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		19,059	35,528	17,489	100	(35,573)	(35,573)	(35,573)	17,165	18,144	19,156
Surplus(shortfall)		(10,830)	(32,074)	(3,954)	7,867	94,436	94,436	94,436	39,759	41,432	43,207

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2015/16 MTREF is funded.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2015/16 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA

Table 18 MBRR Table A9 - Asset Management

KZN433 Greater Kokstad - Table A9 Asset Management

Description		Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CAPITAL EXPENDITURE											
Total New Assets	1		7,615	4,899	7,337	19,115	19,267	19,267	600	1,698	674
Infrastructure - Road transport			-	-	-	-	-	-	-	-	-
Infrastructure - Electricity			-	-	-	-	-	-	-	-	-
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Infrastructure - Other			-	-	-	-	-	-	-	-	-
Infrastructure			-	-	-	-	-	-	-	-	-
Community			3,451	2,949	7,337	19,100	19,100	19,100	-	-	-
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets	6		4,164	1,950	-	15	167	167	600	1,698	674
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2		-	-	-	45,217	40,789	40,789	36,767	72,479	44,947
Infrastructure - Road transport			-	-	-	40,517	35,789	35,789	22,617	33,879	28,647
Infrastructure - Electricity			-	-	-	4,700	5,000	5,000	5,800	14,100	16,300
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Infrastructure - Other			-	-	-	-	-	-	-	-	-
Infrastructure			-	-	-	45,217	40,789	40,789	28,417	47,979	44,947
Community			-	-	-	-	-	-	8,350	24,500	-
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets	6		-	-	-	-	-	-	-	-	-
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4		-	-	-	40,517	35,789	35,789	22,617	33,879	28,647
Infrastructure - Road transport			-	-	-	4,700	5,000	5,000	5,800	14,100	16,300
Infrastructure - Electricity			-	-	-	-	-	-	-	-	-
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Infrastructure - Other			-	-	-	-	-	-	-	-	-
Infrastructure			-	-	-	45,217	40,789	40,789	28,417	47,979	44,947
Community			3,451	2,949	7,337	19,100	19,100	19,100	8,350	24,500	-
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets	6		4,164	1,950	-	15	167	167	600	1,698	674
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2		7,615	4,899	7,337	64,332	60,057	60,057	37,367	74,177	45,621
ASSET REGISTER SUMMARY - PPE (WDV)											
Infrastructure - Road transport	5		288,063	288,063	288,063	288,063	288,063	288,063	265,078	289,409	290,795
Infrastructure - Electricity			24,117	24,117	24,117	24,117	24,117	24,117	18,394	24,449	24,782
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Infrastructure - Other			123,579	136,724	135,694	105,341	142,792	142,792	250,248	248,756	280,250
Infrastructure			435,759	448,904	447,873	417,521	454,972	454,972	533,720	562,614	595,827
Community			34,082	34,082	34,082	34,082	34,082	34,082	30,475	34,292	34,502
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	22,161	22,801	22,161	22,801	22,801	22,801	22,801	22,801
Other assets			-	-	-	-	-	-	-	-	-
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	1,232	1,232	1,232	1,232	1,232	1,232	1,232	1,232
Intangibles			-	39	25	39	25	25	25	25	25
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5		469,841	506,418	506,014	475,035	513,112	513,112	588,253	620,963	654,386
EXPENDITURE OTHER ITEMS											
Depreciation & asset impairment	3		40,552	33,225	38,275	42,000	42,000	42,000	42,000	44,016	46,613
Repairs and Maintenance by Asset Class			2,003	3,586	3,177	7,235	7,661	7,661	11,650	12,218	12,935
Infrastructure - Road transport			-	-	697	3,500	3,247	3,247	3,247	3,403	3,604
Infrastructure - Electricity			-	-	784	1,798	1,798	1,798	4,681	4,905	5,195
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Infrastructure - Other			2,003	3,586	-	-	50	50	55	58	61
Infrastructure			2,003	3,586	1,481	5,298	5,095	5,095	7,983	8,366	8,859
Community			-	-	875	1,042	1,271	1,271	2,378	2,501	2,644
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets	6, 7		-	-	821	895	1,295	1,295	1,290	1,352	1,432
TOTAL EXPENDITURE OTHER ITEMS			42,555	36,811	41,451	49,235	49,661	49,661	53,650	56,234	59,548

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality meets both these recommendations.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.

Table 19 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Household service targets	1									
Water:										
Piped water inside dwelling		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Piped water inside yard (but not in dwelling)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Using public tap (at least min.service level)	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other water supply (at least min.service level)	4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other water supply (< min.service level)	4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
No water supply		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Flush toilet (with septic tank)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Chemical toilet		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Pit toilet (ventilated)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other toilet provisions (> min.service level)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other toilet provisions (< min.service level)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
No toilet provisions		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		190	10 286	11 191	12 078	12 078	12 078	12 369	13 099	13 832
Electricity - prepaid (min.service level)										
<i>Minimum Service Level and Above sub-total</i>		190	10 286	11 191	12 078	12 078	12 078	12 369	13 099	13 832
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	190	10 286	11 191	12 078	12 078	12 078	12 369	13 099	13 832
Refuse:										
Removed at least once a week		187 000	9 480	8 965	8 529	8 529	8 529	8 965	9 494	10 026
<i>Minimum Service Level and Above sub-total</i>		187 000	9 480	8 965	8 529	8 529	8 529	8 965	9 494	10 026
Removed less frequently than once a week										
Using communal refuse dump										
Using own refuse dump		806	806	774	776	776	776	775	775	775
Other rubbish disposal										
No rubbish disposal										
<i>Below Minimum Service Level sub-total</i>		806	806	774	776	776	776	775	775	775
Total number of households	5	187 806	10 286	9 739	9 305	9 305	9 305	9 740	10 269	10 801
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)										
Sanitation (free minimum level service)										
Electricity/other energy (50kwh per household per month)		3 920	4 909	3 389	5 000	5 000	5 000	3 849	4 076	4 304
Refuse (removed at least once a week)		3 920	4 909	3 389	5 000	5 000	5 000	3 849	4 076	4 304
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)										
Sanitation (free sanitation service)										
Electricity/other energy (50kwh per household per month)		574	1 584	2 033	2 296	2 296	2 296			
Refuse (removed once a week)		1 318	8 760	8 546	3 300	3 300	3 300	2 033	2 153	2 280
Total cost of FBS provided (minimum social package)		1 892	10 344	10 580	5 596	5 596	5 596	9 025	2 153	2 280
Highest level of free service provided										
Property rates (R value threshold)		40 000	40 000	3 510 423	40 000	40 000	40 000	3 707 006	3 925 720	4 157 337
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)		151 500	193 750	169 450	169 450	169 450	169 450	169 450	179 448	190 035
Refuse (average litres per week)		493 132	722 029	20 334	713 520	713 520	713 520	20 334	21 534	22 804
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		40	3 626	712	3 699	3 699	3 699	752	796	843
Property rates (other exemptions, reductions and rebates)		11 684	20 028	1 186	7 972	7 972	7 972	1 253	1 326	1 405
Water										
Sanitation										
Electricity/other energy		574	1 585	2 033	2 296	2 296	2 296	2 033	2 153	2 280
Refuse		1 318	730	8 546	3 300	3 300	3 300	9 025	9 557	10 121
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other			395	386				407	432	457
Total revenue cost of free services provided (total social package)	6	13 616	26 364	12 863	17 267	17 267	17 267	13 470	14 264	15 106

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
 - a. Electricity services – backlog will be reduced by 2000 households. As indicated elsewhere, the emphasis in the electricity sector is on addressing urgent network upgrades. Once the most pressing network issues have been addressed, the electrification programme will be prioritised; with 6000 households budgeted to be electrified in 2014/15.
 - b. Refuse services – backlog will be reduced by 21 000 households in 2014/15, and a further 14 000 households in the outer two years of the MTREF. However it should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.
3. The budget provides for 90 000 households to be registered as indigent in 2014/15, and therefore entitled to receiving Free Basic Services. The number is set to increase to 105 000 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
4. It is anticipated that these Free Basic Services will cost the municipality R27 million in 2015/16, increasing to R31 million in 2016/17. This is covered by the municipality's equitable share allocation from national government.
5. In addition to the Free Basic Services, the Municipality also 'gives' households R27 million in free services in 2014/15, and it increases to R31 million in 2016/17. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the 'free services' represent about 4 per cent of total operating revenue.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2013) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 26 August 2014. Key dates applicable to the process were:

- **August 2014**– Planning for the next three year budget begins in accordance with the coordination and preparation of the Budget/ IDP process plan.
- **November 2014** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **3 to 7 January 2015** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2015** – Submission of report to Council on implementation of budget and financial status of municipality
- **20 January 2015** - Council approves the 2013/14 Mid-year Review s72 and Adjustments Budget;
- **February 2015** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The Final 2014/15 MTREF is revised accordingly;
- **March 2015** - Tabling in Council of the Final 2014/15 IDP, SDBIP and 2014/15 MTREF for public consultation. Submission of Final Budget to National, Provincial Treasury and Other Stakeholders (MFMA s22)
- **April 2015** – Public consultation and participation;

- **April 2015** – Closing date for written comments ,finalisation of the 2014/15 IDP, SDBIP and 2014/15 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **May 2015** - Tabling of the 2015/16 MTREF before Council for consideration.
- **June 2015** - Tabling of the 2015/16 MTREF before Council for approval.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the fourth review of the IDP as adopted by Council in May 2014. It started in September 2014 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2014/15 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2014/15 MTREF, based on the approved 2014/15 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2014/15 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2013/14 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2015/16 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2015/16 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2014/15 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels

- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The Final budget 2015/16 MTREF as tabled before Council on 30 March 2015 for community consultation will be published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process from 17 April to 28 April 2015, and included nine public briefing sessions. The applicable dates and venues were published in all the local newspapers and on average attendance of 100 were recorded per meeting. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2015/16 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The Municipality is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- Several complaints were received regarding poor service delivery, especially waste removal backlogs and the state of road infrastructure;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised
- Remuneration packages of council officials were criticized as being very high, relative their private sector counterparts within the Municipality;
- The affordability of tariff increases, especially electricity, was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth; and
- During the community consultation process large sections of the community made it clear that tariff increases this year was fair to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

Significant changes effected in the final 2014/15 MTREF compared to the final 2015/16 MTREF that was tabled for community consultation, include:

- The final Eskom bulk tariff increase, applicable to municipalities from 1 July 2015, was factored into the proposed consumer tariffs, applicable from 1 July 2015. This resulted in an increase of 12,20 per cent;
- An amount of R360 million (R295 million on the Operating Budget and R37 million on the Capital Budget) was included over the medium-term for each of the financial years.
- The 2015 Division of Revenue Act (DORA) grant allocations were finalized and aligned to the gazetted allocations.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

The municipality is committed to redressing and addressing the needs of the people and values inputs from our communities. During the November and December 2013, the Mayor and the Municipal Manager Offices held consultative forums and imbizo for the stakeholders and members of public in all six wards. Members of communities were required to provide their IDP needs and minutes were recorded for all those meetings. This was done to ensure that there was consultation between the municipality and the communities with regard to their needs and service delivery. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2015/16 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 22 IDP Strategic Objectives

This section aims at providing a synopsis of the development issues arising from the situational analysis of Greater Kokstad Municipality in the form of a SWOT (Strengths, Weaknesses, Opportunities and Threats). For ease reference, the issues raised have been grouped under the 5 KPA's of the Five Year Local Government Strategic Agenda namely:

Basic Services Delivery and Infrastructure
 Local Economic Development
 Financial Viability and Financial Management
 Municipal Transformation and Institutional Development
 Good Governance and Community Participation
 Spatial and Environmental Planning

1. STRENGTHS**Local Economic Development**

- It is relatively close to major hubs (Pietermaritzburg and Port Shepstone) in the province
- Quality of agricultural attributes of soil types, climatic diversity and rainfall. High concentration of prime agricultural land in the hands of large commercial sugar cane farmers
- Labour forces
- Strategic location of Kokstad town
- Local Economic Development Strategy
- Historical and cultural sites
- Variety of business services available, e.g. from banks, business partners etc.
- Well established infrastructure with good transport network
- Various government sectors in Kokstad town
- Strong Functionally Chamber of Business
- Vacant land for development
- Social cohesion
- Dedicated housing section
- Availability of land for housing project
- C-MAX Prison

Financial Viability and Financial Management

- Finance Services Department in Place
- Experienced Chief Financial Officer
- Municipal work within its budget

Municipal Transformation and Institutional Development

- Corporate Services Department is in place
- Human resources Development Strategy is in place
- Experienced, qualified and dedicated municipal staff

Good Governance and Community Participation

- Good turnaround strategy
- Good political/administration relationships.
- Statutory governance structures in place.
- Functional ward committees.
- Good communication and community participation strategy

- Up and running Municipal Website

Spatial and Environmental Planning

- Rugged mountainous terrain
- Contrasting grassland
- Greater Kokstad Municipality is strategically located and accessible to all parts of the district.
- Existence of government extension services.
- Identified development urban areas.

2. WEAKNESSES

Basic Services Delivery and Infrastructure

- Limited growth in the manufacturing industry
- Bulk water supply is a major constraint that affects the municipality.
- 5.3% of the population still does not have access to clean water and obtain water from rivers and streams.
- Lack of upgrading and maintenance of infrastructure and services.
- Rural areas still rely on pit latrine or no toilet system at all.
- The urban areas have proper water borne sanitation systems, but rural areas still rely on pit latrines or no system at all. This places tremendous strain on the environment and
- Lack of comprehensive infrastructure and services plan.
- Lack of electricity to an extent that there are areas that still use paraffin and candle as a source of energy
- Storm water is not properly managed

Local Economic Development

- Insufficient water supply
- Lack of LED institution
- Low level of employment opportunities
- Local SMMEs are not geared to take advantage of emerging business and tender opportunities offered.
- Impediments to SMME development in Greater Kokstad Municipality include low levels of education and productive skills of access to finance, inadequate infrastructure, lack in effective demand and communication.
- Lack of Agricultural Development Plan.
- Limited growth in the manufacturing industry
- Lack of skills
- Industrial development is concentrated in Kokstad Town.

Financial Viability and Financial Management

- Lack of a comprehensive strategy for maximizing the income of the Council.
- The outstanding debt on rates and services owed to the Municipalities is still very high

Municipal Transformation and Institutional Development

- Lack of office space
- Lack of staff accommodation

Good Governance and Community Participation

- Implementation of communication and community participation strategy
- Ward Committees still do not have clear understanding on IDP processes.

Spatial and Environmental Planning

- Illegal occupation of land for informal settlement purposes.
- Mushrooming of informal settlements in flood line areas.
- Deterioration of urban areas
- No integration of environmental, land use and transport management system
- Growth and development is only focusing on primary node (Kokstad town) disadvantaged areas and areas of economic opportunity are neglected.
- Illegal small business operators that conducting business from home without permission are increasing. This has given rise to traffic and safety problems as these areas were not designed for such purposes.

3. OPPORTUNITIES

Basic Services Delivery and Infrastructure

- Existing railway lines/infrastructure.
- Infrastructure, Planning and Development Department in place
- Municipal Infrastructure Grant funding is available for the provision of services

Local Economic Development

- Young energetic human capital
- Tourism attractive
- Strong agricultural base and potential to developing agriculture to new high value product
- Desire for development
- Black Economic Empowerment
- Existence of a strong NGOs and CBOs
- Available of agricultural land

Financial Viability and Financial Management

- Implementation of MPRA
- Less grant dependency

Municipal Transformation and Institutional Development

- Construction of new offices.
- Agglomeration of various government sector department in one locality

Good Governance and Community Participation

- Ward Committees have been established
- Communication and Public Participation in place
- 2014 -2018 Comprehensive Municipal IDP document in place

Spatial and Environmental Planning

- Eco tourism development
- Urban greening
- Corridor development
- Urban expansion

4. TREATS

Basic Services Delivery and Infrastructure

- The occurrence of cholera and related diseases is as a result of the absence of potable water as well as the lack of sanitation
- Non-payment of services could reduce the willingness of services provider to extend and maintain services.
- Land invasion leading to uncontrolled settlement and impact on natural resources

Local Economic Development

- HIV/Aids which has a direct impact on the ability and the area to grow.
- Lack of Infrastructure and services maintenance
- Skills exodus

Financial Viability and Financial Management

- Poverty and Unemployment rate
- Non- payment of rates

Good Governance and Community Participation

- Low levels of participation by certain stakeholders in the IDP process.

Spatial and Environmental Planning

- Erosion and the degradation of field as a result of poor land management due to overgrazing and incorrect cultivation methods need to be addressed by means of control measures and efforts are needed to increase people's awareness of the advantages of good waste management practices.
- Erosion and Water pollution is a common problem in the area as the people use the rivers for all purposes including washing cars and clothes, animal feed, human consumption and other purposes
- Alien plants

Summary of Key Priority/Critical Issues

- In summary the key priority/critical issues that need urgent attention are follows:
- Eradication of the backlogs especially on water, sanitation and electricity;
- Dealing ahead with current conditions of roads and storm water;
- Upgrading the ageing infrastructure and services;
- Address the low to middle income backlogs;
- Creation of economic growth and job opportunities;
- Promote tourism development;
- Dealing with HIV/Aids pandemic;
- Urban regeneration strategy;
- Promotion of nodal development;
- Mainstreaming of gender equality into development programmes;
- Intensification of social services for children and youth;
- Skills development.

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National

Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last

stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages.

FINAL BUDGET PROCESS OVERVIEW

• Political Oversight of Budget Process

The concept of political oversight over the budget process is an important one and it is the key to ensuring that strategy informs the budget.

The political oversight role of the Mayor is contained in Section 53 (1)(a) and (b) of the Municipal Finance Management Act (MFMA). It requires that the Mayor must provide political guidance over the budget process and the priorities that guide the preparation of the budget. It further requires that the Mayor co-ordinates the revision of the IDP and the preparation of the annual budget and to determine how the IDP is to be taken into account for the purposes of the budget.

The demands on the Municipality to address service delivery backlogs and to improve services delivery of its citizens, within current financial resources, are challenging. Political oversight of the budget process is therefore essential to ensure that the priorities of the municipality are addressed through budget allocations.

• Consultation Process

The consultation process began with the tabling of the budget & IDP review process plan on August 2014.

The following processes will be undertaken to present the Final budget to the community:

1. Public meetings
2. Presentation of the budget to Business Community and other stakeholders
3. Placement of budget documentation at all Libraries and other municipal offices.
4. General distribution of budget documentation
5. Advertisement of Final budget in local newspapers and public meetings

The public meetings were finalised on 06 April 2015. The closing date for submissions was 22st April 2015.

BUDGET CONSULTATION MEETINGS

The council will hold the consultative meetings towards the final budget as follows:-

WARD	DATE	DAY	TIME	VENUE
1 2 5	17 April 2015	Friday	10h00 10h00 17h00	JJ Mhlongo & Ohingalendlela Mariaskop Thuntulwana hall
2	19 April 2015	Sunday	10h00 10h00 13h00	Currah Rusfontein New Market
3	20 April 2015	Monday	17h00	Supper room
2 8	21 April 2015	Tuesday	10h00 17h00	Swartburg & Franklin Thuntulwana hall
6	22 April 2015	Wednesday	10h00 13h00 17h00	Thuthuka ngele Pakkies hall Extension 7 hall

WARD	DATE	DAY	TIME	VENUE
All stakeholders 7	28 April 2015	Tuesday	07:30 10h00	Supper room Wansbeck and Kransdrai
4	28 April 2015	Tuesday	13H00 17h00	Shayamoya hall Shayamoya sports field

Figure 1 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

Focus of the review cycle

The Council adopted a turnaround strategy with the theme “***crossing the Rubicon to business unusual***”. to deal with the material issues raised by the office of the Auditor General in the previous years, with an intention of also improving internal controls as well as financial management systems, policies and procedures. The strategy has yielded a good result as the municipality obtained an unqualified audit opinion report for 20/10, 2010/11 & 2012/11 financial years. Another major hindrance to success has been a lack of capacity and other internal challenges, and we are addressing this problem as a matter of urgency. The Council has already started the process of filling the strategic vacant positions.

Greater Kokstad Community Needs for 2015/16

Greater Kokstad Municipality communities were asked through IDP Road-shows and ward councillors to identify and prioritise ward community needs for their respective wards.

These community needs can be classified as follows:

2015/2016 IDP PROJECTS

What Residents Say They Need

Greater Kokstad communities were asked through IDP Road shows conducted to all wards to identify community needs for their respective wards. For this exercise to be successful community leaders were asked to involve all community role players. Responses were received from all ward committees and ward councillors as well as from the Kokstad Residents Rates Payers Association and Kokstad Chamber of Commerce. These community needs can be classified as follows:

WARD 01				
No.	Community Need	Problem Statement- by the Community members	External Intervention Required	Responsible Dept.
01.	Housing	There is still a major housing backlog within the region and this housing shortage still needs to be addressed	Dept of Human settlements	IPD
02.	Sanitation	A large portion of the ward still utilizes pit-latrines and many are full and have not been drained causing health hazards.	Sisonke District Municipality	IPD
03.	Job Creation Strategy	There is a pressing need for the LED projects focusing in Job creation and Promotion of SMME's and Cooperatives	DED, DOT (EPWP)	OMM – LED
04.	Network – television	Television reception was identified as a need in the area because many homes don't have access to television reception	Dept of communications	OMM
05.	Pres-school	The community requested a pre-school at the Zolani Area	DSD & DOE	OMM
06.	Netball Ground	Zolani Mphela area youth raised a need of playground for netball to keep the unemployed youth busy and free from crime	Sport and Recreation Dept	OMM

WARD 02– KRANSDRAAI					
No	Community Need	Problem Statement- by the Community members	External Intervention Required	Responsible Dept.	Proposed project 2015/16
01.	Housing	A large housing backlog was identified especially in the Wynsberg region where the living conditions were seen to be the worst in terms of housing provision.	Dept of Human settlements	IPD	
02	Library	A need for establishment of a library in the area was identified.	DAC	SCD	
03	Water	A need for installation of running water was identified especially for the elderly who can no longer travel long distances to collect it.	Sisonke District Municipality	IPD	
04.	Network pole	It was noted that majority of the area did not have telephone reception and that network poles were a need in the community.	Dept of communications	OMM	
05.	Television –Network	There is a problem of TV Reception in the area	Dept of communications	OMM	
06.	Clinic	Mobile clinic comes to the area once a month, so a need for a clinic establishment or more regular appearance of the mobile clinic in the area was identified	DOH	CDS	
Ward 02 – THAFENI AREA					
07	Scholar Transport	The community requested transport for school children since the schools are far from residential area	DOE	OMM	
08	Land	Community need their own land for housing and grazing of their livestock	Rural Development and Agriculture	CDS/IPD	
09	Sport Ground	Youth is requesting a sports field	Recreation	IPD	

Ward 02 - CURRAH FARM					
No.	Community Need	Problem Statement- by the Community members	External Intervention Required	Responsible Dept.	
01.	School	The school currently goes grade 6 and requested that the school be upgraded to go up to grade 12	DOE	OMM	
02.	Houses	A great need of housing was identified where the living conditions were seen to be the worst in terms of housing provision.	DOH	IPD	
03.	Water	- A need for installation of running water was identified especially for the elderly who can no longer travel long distances to collect it from the river	HGDM	IPD	
04.	Electricity	- Community does not have access to basic electricity	ESKOM	IPD	
05.	Access Road to the School	The School is not accessible from the main road	GKM	IPD	
06	Toilet and fencing at school	Current situation at school are very risky to kids and overflowing	HGDM	IPD	
WARD 02 – SWARTBERG/MAKHOB/MARAISKOP					
No.	Community Need	Problem Statement- by the Community members	External Intervention	Responsible	
01.	Land for Housing and grazing	It was noted that majority of the land within the area of Swartberg and Maraiskop is owned by the white farmers who are still reluctant to distribute land to their tenants/workers in the farm. This creates a frustration to community members residing in these areas as they are staying on very restricted and inhumane conditions with very limited security. Therefore community needs land which will have secure tenure. Also need land for the grazing of their livestock as their only source of income and food	DRDLR	MMO & IPD	

02.	School	It was said that the school in the area was limited to grade 4 and those available were very far, due to financial constraints, many students have been forced to discontinue school. Therefore the need for a school in the area was identified.	DOE	CDS	
03.	Clinic	The mobile clinic visits once a month and often people need immediate medical assistance between the monthly visits.	DOH	CDS	
04.	Scholar Transport	The schools are far and families can't afford the daily transport rates therefore subsidies scholar transport is needed.	DOE	CDS	

WARD 02 – FRANKLIN					
No .	Community Need	Problem Statement- by the Community members	External Intervention Required	Responsible Dept.	Proposed project 2015/16
01	Fencing for farming areas	The community identified an urgent need for the fencing off of the agriculture areas essentially the communal areas because vegetation was being destroyed by livestock.	Dept of Agriculture	OMM-LED	Fencing project
02	Rehabilitation of roads	It was noted that the roads were in a horrible condition and there is a need for road rehabilitation to allow for vehicular access	None	IPD	Gravel access Roads phase 2 (R475202.05)
03	Job opportunities	The community identified a lack in job opportunities available in the area, especially for the youth and semi-skilled.	Dept of Economic Development	OMM-LED	Brick & Block making (R750 000)
04	Bakery equipment	The bakery as a physical structure has been provided however the equipment for it to operate and function accordingly is not available. Therefore, for the bakery to serve its primary function there is a need for the provision of the equipment.	Dept of Economic Development	OMM-LED	LED project FY (R500,000)
05	Poultry Project	Land for Poultry project as well as assistance from the municipality to establish this business was identified.	Dept of Economic Development	OMM-LED	Poverty eradication (R 1500 000)

WARD 03					
No	Community Need	Problem Statement- by the Community members	External Intervention Required	Responsible Dept.	Proposed project 2015/16
01	Higher education establishment	The community feels that some form of partnership with one of the countries higher education universities be established so that there can be a campus in the town to provide much needed higher education to the matriculants within GKM who haven't been able to access higher education	DOE	CDS	
02	Special school	The community feels that there is very little provision for people with special needs within GKM at large especially when it comes to education, it was therefore identified that a special school was much needed to address this.	DOE	CDS	
03	Speed Humps	There are streets that still need speed humps in order to ensure safety to the pedestrians primarily around residential amenities.	None	IPD	
04	Street lights	Dark streets were a major concern in ward 3, the community stressed that this was an issue which needed to be addressed effectively because numerous offences which have been exacerbated by this darkness have been	None	IPD	
05	Roads	A need for rehabilitation of roads in town was identified	DOT	IPD	
06	Sidewalks	There is high competition between cars and pedestrians on the road due to the absence of sidewalks, therefore these are needed to reduce the pressure off the road and increase safety for pedestrians	DOT	IPD	
07.	Improvement/ rehabilitation of stormwater	Blocked stormwater drainage causes flooding to the neighboring houses during rainy seasons.	DOT	IPD	

08	Housing	There is a need for housing	DOH	IPD	
WARD 04					
No	Community Need	Problem Statement- by the Community members	External Intervention Required	Responsible Dept.	Proposed project 2015/16
01	Housing	There are still major housing backlogs which have been identified	Department of Human Settlements	IPD	
02	Satellite Police Station	The existing police station is Kokstad SAPS situate in Kokstad town and access to this police station is arduous and therefore a need for satellite police station is strongly emphasized.	SAPS	CDS	
03.	Street lights	Dark streets have been identified as a priority, because the darkness has exacerbated the likelihood for muggings and assault	None	IPD	
04.	School	While there is a school within close proximity, it was noted that the schools are filled beyond their capacity and therefore new establishments are necessary	DOE	CDS	
05.	Library	Need for a provision of a library in the area was identified	DAC	CDS	
06.	Playgrounds	Parents raised the concerns pertaining the lack of demarcated playgrounds for their children to play	Department of Sports and Recreation	IPD	
07.	Access roads	There are access roads which don't permit for vehicular movement. There is an urgent need for these roads to be established because ambulances and police often cant access the necessary houses.	None	IPD	
08.	Community Hall	Community meetings are being held on the sport field and they do not have a hall to host their activities	GKM	IPD	

WARD 05					
No .	Community Need	Problem Statement- by the Community members	External Intervention Required	Responsible Dept.	Proposed project 2015/16
01.	Housing	A need for housing was identified	Department of Human settlements	IPD	
02.	Clinic	A need for clinic was Identified as the clinic in town is to far and is always full	DOH	CDS	
03.	Street lights	Dark streets have been identified as a priority, because the darkness has exacerbated the likelihood for muggings and assault	None	IPD	
04.	Playgrounds	Although a soccer field exists a need for accommodating other sporting codes was identified	Department of Sports and Recreation	IPD	
05.	Job Creation	There is a pressing need for the LED projects focusing in Job creation and Promotion of SMME's and Cooperatives	DED, DOT (EPWP)	OMM – LED	
06.	Upgrading of riverside into a park	A need to use the river bank space for leisure purposes was identified	Department of environmental affairs	CDS	
07.	Upgrades electricity Stubs (danger)	Danger lines are all hanging on the outside and imposing risk for kids	GKM	IPD	
08	Shelter for Babanani Luncheon Club	The luncheon club need shelter to perform their daily activities	GKM	IPD/OMM/DSD	
09	Hawkers Shelter	Community needs hawker shelters	GKM	LED /IPD	
WARD 06 – EXTENSION 7					
No .	Community Need	Problem Statement- by the Community members	External Intervention Required	Responsible Dept.	Proposed project 2015/16
01	Primary School	A need for a primary school was identified	DOE	CDS	

02	Multipurpose community sports centre	Currently there is a lack of other sport codes such as tennis, basketball, netball etc. due to non-availability of sports field to accommodate such. A need for the development of a multi-purpose sport centre that will accommodate all sporting codes was expressed	DSR	CDS	
03	RDP houses	A need for low cost housing was identified	Department of Human	IPD	
04	Clinic	A need for clinic was identified	DOH	CDS	
05	Commercial area	A need for shops within the area was identified	None	IPD	
06	General Residential (flats)	A need for general residential was expressed by some of the community members	Department of Human settlements	IPD	
07.	Ext 7 Sports field		None	IPD	
WARD 06 – PAKKIES					
No	Community Need	Problem Statement- by the Community members	External Intervention Required	Responsible Dept.	Proposed project 2015/16
01	Houses	Provision of Houses in the area was also identified as one of the priority need with the area	DHS	IPD	
02	Water	While provision of water has been made, the distribution is not evenly spread. Community members in areas of higher altitude complain that they need to travel long distances to access it.	SISIONKE	IPD	
03	Network poles	Poor reception due to no network was identified as one of the priorities in the area, it was noted that some areas had no access to an reception at all.	Network provider(dept of Communications)	IPD	
05.	Fencing of Grazing Land	To ensure a control to the domestic animals was identified hence a fencing of grazing land was expressed	DOT	MMO –LED	.
06	Sports Field	Youth of Pakkies are requesting sports field	DSR	IPD	

WARD 06 – THUTHUKANGELI					
No	Community Need	Problem Statement- by the Community members	External Intervention Required	Responsible Dept.	Proposed project 2015/16
01	Water	Most of community still do not have portable water and therefore a request of water connection in the area was expressed	SISONKE	IPD	
02	Housing	Provision of Houses in the area was also identified as one of the priority needs within the area.	DHS	IPD	
03	Fencing of arable Land	To ensure a control to the domestic animals was identified hence a fencing of grazing land was expressed	Dept of agriculture	MMO –LED	
04	Lightning conductors	The area is prone to lighting and there has been a number of disasters due to these.	ESKOM/COGTA	IPD	
05	Access Roads	Access Roads are in a bad condition and vehicular movement is often impossible on these roads particularly on the raining season therefore a need of road upgrade was identified	DOT	IPD	
06	Community Hall	Community meetings are being held at the school and they do not have a hall to host their activities	GKM	IPD	
07	Tractor	The community requested that they be provided with a tractor during ploughing season	GKM	LED	
EMASHOSHENI					
01	Houses	Provision of Houses in the area was also identified as one of the priority needs within the area.	DOH	IPD	
02	Fencing	To ensure a control to the domestic animals was identified hence a fencing of grazing land was	Dept of Agri	IPD	
03	Pre-school	A need for pre-school was identified	DOE &DSD	OMM	

TROUT WATERS					
1	Land	The community is staying in a privately owned farm under bad conditions. They need their own land to build their houses and for their own development	Dept Land rural Dev	IPD	
2	Housing	Provision of Houses in the area was also identified as one of the priority needs within the area.	DOH	IPD	
3	employment	There is a high rate of unemployment. The community needs Job opportunities	LED	LED	
4	Graveyard	They need their own graveyard since they bury their families on privately owned farm and encounter problems with the landowner	Rural Dev	CDS	
ST MICHAELS					
1	school	A need for a school was identified	DOE		
2	Land and housing	The community is staying in a privately owned farm under bad conditions. They need their own land to build their houses and for their own development. Provision of Houses in the area was also identified as one of the priority needs within the area			
3	Scholar Transport	. The schools are far and families can't afford the daily transport rates therefore subsidies scholar transport is needed.			
4	Soccer Kit	To assist the soccer team/s with soccer kits	GKM		

WARD 06 – CHARLTON/RUSFONTEIN					
No .	Community Need	Problem Statement- by the Community members	External Intervention Required	Responsible Dept.	Proposed project 2015/16
01	Acquisition of land	Most people in the rural areas of the municipality do not own land and as result they live in a very squalor conditions and exposed to hazardous health conditions due to poor basic service. This has become a critical issue which requires an immediate actions by the municipality	DRDLR	OMM	
02	Electricity	A need for electricity was identified	ESKOM	IPD	
03	Water	A need of portable water still exist in this ward	SDM	IPD	
04	High School	A need of High School was identified	DOE	CDS	
05	Job Creation	A high rate of unemployment is still a challenge in the area and therefore the community need the municipality to devise innovative ways of creating job opportunities in the area and a sewing project was identified as a possible solution.	Department of Economic Development	MMO – LED	Sowing project and community garden(R 500,000.00)
06	Special programmes	Programmes which would cater for the disabled are needed.	Dept of women, children and people with disability.	OMM-SP	Special programmes (R2350 050.00)

WARD 06 NEWMARKET					
No	Community Need	Problem Statement- by the Community members	External Intervention Required	Responsible Dept.	Proposed project 2015/16
01	Land for Housing Development	Most people in the rural areas of the municipality do not own land and as result they live in a very squalor conditions and exposed to hazardous health conditions due to poor basic service. This has become a critical issue which requires an immediate actions by the municipality	DRDLR	OMM	
02	School	A need for the development of a new school as well as the relocation of the present establishment was identified.	DOE	CDS	
03.	Housing	There is a huge housing backlog in the area of Newmarket and it was noted that some of the community members live in very hazardous conditions.	DHS	IPD	
04	Water	A need of portable water still exist in this ward	SDM	IPD	
05.	Electricity	A need for electricity was identified	ESKOM	IPD	
06.	Seeds and fertilizer	The community requested to be supplied with seeds and fertilizers during the ploughing season for them to be able to plough their vegetable gardens	DOA	LED	

WARD 07					
No	Community Need	Problem Statement- by the Community members	External Intervention Required	Responsible Dept.	15/16 Proposed project/comments
01	Houses	A need to address the housing backlog through the more housing development was identified	DHS	IPD	
02	Old age home	An old age home was set out as a priority because the elderly identified that they needed a place of refuge because the degrees of abuse towards the elderly in this ward were noted as very high	Department of Social Development	CDS	
03	Satellite Police Station	The existing police station is Kokstad SAPS situate in Kokstad town and access to this police station is arduous and therefore a need for satellite police station is strongly emphasized.	SAPS	CDS	
05	Access Roads	The internal access roads in Shayamoya are too narrow therefore a need to be widen was expressed	None	IPD	
07.	Rehabilitation of Road:	Some of the Internal roads within the township are almost Impassable during wet weather, as they are poorly graveled and they are unable to discharge water on the rainy period.	None	IPD	
	Library				
	Side Walks at Shayamoya Polar Park Bridge	A need of the sidewalk was identified due to the high volume of pedestrians	GKM		
	Taxi route from Polar Park to Mjoli stop	A need for a taxi route was identified			
	Income generating projects	To address the issue of high rate of unemployment and oncome generating projects were identified as the solution			

WARD 08					
No .	Community Need	Problem Statement- by the Community members	External Intervention Required	Responsible Dept.	Proposed project 2015/16
01.	Street lights	Dark streets have been identified as a problem, because the darkness has exacerbated the likelihood for muggings and assault especially along the bridge entering into the location.	None	IPD	
02.	Clinic	The community identified that a clinic which would service ward 8 was needed because it would be within close proximity to the people who need it most.	SDM	CDS	
03.	Curbing of Illegal dumping	It was identified that illegal dumping was a major problem in the ward and that there is a need for more regular dump collection services as well as a monitoring mechanism which would discourage such activities.	None	CDS	
04.	Pavement (sidewalks) on the way to Xoxolo Primary School at area 5& 6	A need for pavement was identified to decrease the competition between pedestrians and cars on the road	None	IPD	
05.	Community Hall	A need for a provision of community hall facility which would cater for specifically ward 8 was identified	None	IPD	
	Fencing of the graveyard	To avoid vandalism of tomb stones and to stop people from making it walking pathway	GKM	CDS	
	Housing				

	Tar road at area 5& 6	The need was identified since the streets are gravel			
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Key Project For The next 5 years

The key project for the next five years area:

- Building of Municipal Civic Centre Complex that will accommodate all the municipal staff and some of the national and provincial government departments.
- Development of significant retail development such as Mamisa and Pick and Pay
- Urban Regeneration Strategy
- Development of Comprehensive Infrastructure Plan
- Development of middle to high income housing
- Development of Shayamoya Precinct plan;
- Development of Franklin, Makhoba and Swartberg Nodal Development Framework Plan
- Development of Integrated Transport Plan

Implications for development

- In the economic core or urban areas of the Municipality there are bulk water supply constraints resulting in the town reaching the capacity of its available water resources. This has caused an inability to run certain developments at full capacity (e.g. C-Max) and constrain on the ability to plan for and approve future development in the town. This has also led to an over-exploitation of existing water sources (e.g. UMzintlava River).
- The railway line is not currently being used. Road transport is the only functional mode of transport in the area. This has resulted in roads being degraded thus, requiring frequent maintenance which has major financial implications. The railway line can be used to transport goods, agricultural products or people depending on consumer demand. Therefore more focus should be placed on revitalization of railway line.
- The Greater Kokstad population is relatively young with 35, 87% of the population below the age of 39. This relatively young population signifies high potential for population growth in the future which further exacerbates the supply and demand scenario for more housing, education and health services in the foreseeable future. The segment of the population falling within the 15 – 69 groups would essentially be classified as the potentially economically active population of Greater Kokstad Municipality. This means that the municipality, sector departments and NGOs must direct their development plan in favour of youth. This data also means that there must be improved intake of social security grants especially the child support grants within the municipal area.
- The issue of high level of unemployment suggests that the Greater Kokstad Municipality should put more resources on economic development and poverty alleviation programme

Measuring Our Progress

Greater Kokstad Municipality set itself a clear and achievable targets and performance indicators with specific reference of the national KPAs. An overall organisation performance identifying the success or specific KPAs where targets are not being met are reported to the Municipal Manager to take remedial action in good time before the end of the financial year.

A19. Development of IDP Review

IDP Review for the Greater Kokstad Municipality has been developed 'in house'. This decision was taken to ensure that ownership of the process and product remains within the municipality. The services provider was only required for specialized task, such as the reviewing of the municipal Spatial Development Framework. The review of the Greater Kokstad Municipality was developed through a consultative, open and transparent process in which the broad public, stakeholders, officials and Councillors provide inputs into gaps and changing circumstances within their area of jurisdiction. During the completion of the Final IDP review, in line with the adopted IDP Process Plan, the consultative meetings were undertaken.

The Community Development Workers have been utilized as the vehicle to ensure effective interaction and communication between the municipality and its citizens around broader development issues including the IDP review

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Greater Kokstad Municipality's borrowing strategy is primarily informed by the affordability of debt repayments.

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overFinal and tax provisions as a percentage of funds and reserves. During the 2013/14 financial year the ratio deteriorated to a level 4,5 per cent. As part of the planning guidelines that informed the compilation of the 2011/12 MTREF ensuring proper cash-backing of reserves and funds has been considered a prudent financial sustainability.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. Between 2010/11 and 2014/15 the gearing ratio peaked at 0.0 per cent. This was primarily a result of the decreased borrowing levels and increasing funds and reserves.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2010/11 financial year the ratio was 0.1 and as part of the financial planning strategy it has been decreased to 0.7 in the 2013/14 financial year.

2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.3.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality

in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.3.1.6 Other Indicators

- The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.
- Employee costs as a percentage of operating revenue continues to increase over the MTREF.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2014/15 financial year 3 500 registered indigents have been provided for in the budget with this figured increasing to 5 000 by 2015/16. In terms of the Municipality's indigent policy registered households are entitled to 50 kwh of electricity and free waste removal as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) .

This policy is mainly focused on providing financial assistance or support to indigent households in the form of subsidies for services charges -electricity and refuse removal. Its main objectives are to provide services in a sustainable manner within the financial means of the municipality; to provide procedures and guidelines for the subsidization of service charges using a portion of equitable share.

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in October 2013 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection

rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

The 2014/15 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 95 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.4.3 Budget Policy

The budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.4.4 Virement Policy

The Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The purpose of this policy is to provide directives relating to virements and to enable the accounting officer to amend budgets in the light of experience or to provide for anticipated changes.

2.4.5 Cash Management and Investment Policy

The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves.

The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks. The council of the municipality is the trustee of the public revenues, which it collects, and it therefore has an obligation to the community to ensure that the municipality's cash resources are managed effectively and efficiently.

2.4.6 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years. The tariffs policy has been compiled taking into account, where applicable, the guidelines set out in Section 74 that in setting its annual tariffs the council shall at all times take due cognisance of the tariffs applicable elsewhere in the economic region, and of the impact which its own tariffs may have on local economic development.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy)

2.5 Overview of budget assumptions

2.5.1 Headline inflation forecasts

On setting up increases on tariffs and increasing of budget expenditures, the National Treasury issued inflation forecast through MFMA circular No 74 and 75 for 2014/15 of 6.2% has been well considered and this resulted to all tariffs except electricity to be increased by 7,39%.

2.5.2 Revision of rates, tariffs, and other charges

As detailed on paragraph 1 above, when revising tariffs, rates and other charges, inflation forecast has been considered to ensure that all are proposed to increase not above 5,6%.

Further to the above, the labour and other input costs of services have been taken into account to ensure financial sustainability, local economic conditions and the affordability of services and also taken into consideration the municipality's indigent policy. The proposed rates, tariffs and other charges have been tried to be kept as as low as practically possible.

2.5.3 Eskom bulk tariff increases

On announcement of Eskom bulk increases by NERSA, the municipality proposed increases on electricity tariffs is 12,20% as guided by NERSA final approved tariffs will be subject to NERSA. These will be only tariffs to increase above 12,20% and this is beyond municipality as electricity is purchased in bulk from Eskom.

2.5.4 Funding choices and management matters

Tough decisions on the expenditure side have been made by giving priority to ensure that service delivery is improved in all aspects as follows,

- Supports of meaningful local economic development initiatives that foster micro and small business opportunities and job creation.
- Day to day operations for provision of service delivery.
- That there is expediting spending on capital projects that are funded by conditional grant and council revenue.
- Supports of meaningful special programs for community groups.

2.5.5 The Municipal Budget and reporting Regulations

Since 1 July 2009, the budgets have been prepared as per requirements of the regulations. The municipality have complied with the formats set out in schedule A, B and C and the relevant attachments to each of the schedules.

2.5.6 MFMA Circular No. 74 and 75

Circular No. 74 and 75 has provided guidance on budget preparations on many aspects which on this current budget preparations, the inflation forecast for increases have been considered. Circular No.75 provides further guidance to municipalities for the preparation of 2015/16 Budgets and Medium Term Revenue and Expenditure Framework. Main guidance provided is on outgoing councils need to ensure that the inputs into 2014/15 budget and MTREF safeguard the financial sustainability of the municipality. More specifically, the council is advised against unrealistically low tariff increases and over-ambitious capital expenditure programmes.

2.5.7 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (95 per cent) of annual billings. Cash flow is assumed to be 86 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear

collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.8 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.9 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2012 and shall remain in force until 30 June 2015.

2.5.10 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.11 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 90 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2013/14 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2014/15 MTREF on the different revenue categories are:

Proposed tariff increases over the medium-term

Revenue to be generated from property rates is R88 million in the 2014/15 financial year and increases to R97 million by 2016/17 which represents 33.9 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R106million for the 2014/15 financial year and increasing to R116 million by 2016/17. For the 2014/15 financial year services charges amount to 41 per cent of the total revenue base and grows by 1 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.

Operational grants and subsidies amount to R53million, R51 million and R46 million for each of the respective financial years of the MTREF, or 7, 7 and 6 per cent of operating revenue. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high increases in revenue relating to services charges.

Figure 2 Growth in outstanding borrowing (long-term liabilities)

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash

backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds consist of R19 million in 2014/15, R37 in 2015/16 and R41 million in 2016/17.

2.6.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

2.6.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

It can be concluded that the Municipality has a surplus against the cash backed and accumulated surpluses reconciliation. The level of cash-backing progressively increasing over the period 2014/15 to 2016/17 escalating from R7 million to R9 million. It is aimed that by 2014/15 this surplus would have been significantly increased to R8 million. The 2012/13 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. Nevertheless from a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

2.6.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to

which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

2.6.4.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 4 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

2.6.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due.

2.6.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real

increase in revenue. From the table above it can be seen that the percentage growth totals 9.4, 8.9 and 9.0 per cent for the respective financial year of the 2013/14 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6 per cent, with the increase in electricity at 9 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.6.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 90, 95 and 74.5 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 80 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.4.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. Further details relating to the borrowing strategy of the Municipality can be found on 66.

2.6.4.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

2.6.4.11 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 days.

2.6.4.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

2.6.4.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

2.7 Contracts having future budgetary implications

Vote Description	Ref	2015/16 Medium Term Revenue & Expenditure Framework		
		Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand				
Capital expenditure	1			
Vote 1 - EXECUTIVE AND COUNCIL		7,000	-	-
Vote 2 - CORPORATE SERVICES		1,850	5,560	562
Vote 3 - BUDGET AND TREASURY		100	1,882	-
Vote 4 - COMMUNITY AND SOCIAL SERVICES		2,550	16,500	-
Vote 5 - PUBLIC SAFETY		-	-	-
Vote 6 - WAST MANAGEMENT		-	-	-
Vote 7 - PLANNING AND DEVELOPMENT		5,167	18,000	6,000
Vote 8 - ROAD TRANSPORT		16,600	24,879	22,647
Vote 9 - ELECTRICITY SERVICES		4,700	13,000	16,300
Vote 10 - [NAME OF VOTE 10]		-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-
<i>List entity summary if applicable</i>				
Total Capital Expenditure		37,967	79,821	45,509
Future operational costs by vote	2			
Vote 1 - EXECUTIVE AND COUNCIL				
Vote 2 - CORPORATE SERVICES				
Vote 3 - BUDGET AND TREASURY				
Vote 4 - COMMUNITY AND SOCIAL SERVICES				
Vote 5 - PUBLIC SAFETY				
Vote 6 - WAST MANAGEMENT				
Vote 7 - PLANNING AND DEVELOPMENT				
Vote 8 - ROAD TRANSPORT				
Vote 9 - ELECTRICITY SERVICES				
Vote 10 - [NAME OF VOTE 10]				
Vote 11 - [NAME OF VOTE 11]				
Vote 12 - [NAME OF VOTE 12]				
Vote 13 - [NAME OF VOTE 13]				
Vote 14 - [NAME OF VOTE 14]				
Vote 15 - [NAME OF VOTE 15]				
<i>List entity summary if applicable</i>				
Total future operational costs		-	-	-
Future revenue by source	3			
Property rates				
Property rates - penalties & collection charges				
Service charges - electricity revenue				
Service charges - water revenue				
Service charges - sanitation revenue				
Service charges - refuse revenue				
Service charges - other				
Rental of facilities and equipment				
<i>List other revenues sources if applicable</i>				
<i>List entity summary if applicable</i>				
Total future revenue		-	-	-
Net Financial Implications		37,967	79,821	45,509

In terms of the Municipality's Supply Chain Management Policy, there were contracts awarded beyond the medium-term revenue and expenditure framework (three years). List attached:-

2.8 Capital expenditure details

The following two tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets

KZN433 Greater Kokstad - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Prior year outcomes		2015/16 Medium Term Revenue & Expenditure Framework		
					Audited Outcome 2013/14	Current Year 2014/15 Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	4								
Parent municipality:									
<i>List all capital projects grouped by Municipal Vote</i>									
LED Streetlighting		LED Streetlighting					3,000	6,000	6,000
kokstad Roads Phase 6		kokstad Roads Phase 6	1	1		4,601	6,000		
Shayamoya Taxi Route Phase 3		Shayamoya Taxi Route Phase 3				3,167	4,000		
Horseshoe Taxi Route Phase 3		Horseshoe Taxi Route Phase 3				1,793	3,700		
Rehabilitation of Shayamoya L/F Site		Rehabilitation of Shayamoya L/F Site				1,742	2,000		
New Lanfill Site Location		New Lanfill Site Location				652	3,167	3,000	3,000
Bhongweni / kokstad Youth Center		Bhongweni / kokstad Youth Center				4,000	7,000		
New Standby Quarters		New Standby Quarters				32	-	350	
Electrification New Market		Electrification New Market				2,700	700		
Office Furniture & Equipment		Office Furniture & Equipment				1,667	500	530	562
Commputer Equipment		Commputer Equipment					100	1,200	-
Plant & Equipment							600	1,000	
Retention Monies for Completed Projects		Retention Monies for Completed Projects				500	400	3,000	
Upgrade of Roads Ext. 7		Upgrade of Roads Ext. 7					2,500	3,000	
Bakkie / Truck							-	500	
10 Ton Roller		10 Ton Roller					-		
Homes 2010 electrification		Homes 2010 electrification					1,000		
Skyjack		Skyjack					750		
Community Hall Bhongweni Area 5/6		Community Hall Bhongweni Area 5/6					2,550	3,500	
Community Hall Shayamoya		Community Hall Shayamoya						3,500	
Community hall ward 2								2,500	
2.0 L Petrol Long wheel Base, rubberized bin liner with tow bar x 2								432	
R56 Housing Development		R56 Housing Development						15,000	
Community Hall Maraiskop		Community Hall Maraiskop						2,500	
Pothole Master TLB		Pothole Master TLB						1,500	
Kokstad Midblock Roads (SMME's)		Kokstad Midblock Roads (SMME's)						1,500	2,500
River View Sport Field Phase 3		River View Sport Field Phase 3						4,000	
Upgrade of Roads Bhongweni		Upgrade of Roads Bhongweni						8,000	5,000
Upgrading of Central Substation		Upgrading of Central Substation						1,500	
MV Cable upgrade		MV Cable upgrade						5,500	4,800
Increase in NMD from 22MVA to 25 MVA		Increase in NMD from 22MVA to 25 MVA						200	
2 X 4x4 Bukkies		2 X 4x4 Bukkies						900	
Pool Vehicles		Pool Vehicles					-	700	
FENCING BHONGWENI LIBRARY		FENCING BHONGWENI LIBRARY					-	500	
Slasher Mower		Slasher Mower					-	50	
Chairs for Hall		Chairs for Hall					-	50	
Purchase of Information software		Purchase of Information software					-	30	
Bhongweni Stadium- Stand		Bhongweni Stadium- Stand				3,410			
Shayamoya Eco- Complex		Shayamoya Eco- Complex				8,500			
Development of light industrial park		Development of light industrial park				10,500			
Small town rehabilitation		Small town rehabilitation				8,000			
Community Halls (SMME)		Community Halls (SMME)				60			
Greenest Municipality Awrd Grant		Greenest Municipality Awrd Grant				100			
Upgrading of Shayamoya Taxi Route Phase 2		Upgrading of Shayamoya Taxi Route Phase 2				1,500			
Upgrading of Horseshoe Taxi Route Phase 2		Upgrading of Horseshoe Taxi Route Phase 2				100			
kokstad Roads Phase 5		kokstad Roads Phase 5				4,733			
Electrification of Shayamoya Houses		Electrification of Shayamoya Houses				2,300			
Upgrading of Town Hall		Upgrading of Town Hall							
Upgrade of Roads Franklin		Upgrade of Roads Franklin						4,000	
Gravel Access Roads Rural Phase 3 (SMMEs)		Gravel Access Roads Rural Phase 3 (SMMEs)						2,879	7,647
Kokstad Midblock Roads (SMME's)		Kokstad Midblock Roads (SMME's)						2,500	2,500
Electrification of RDP Houses		Electrification of RDP Houses							5,000
Electrification of Rural houses (Currah farm)		Electrification of Rural houses (Currah farm)							500
Kokstad Roads Phase7		Kokstad Roads Phase7							3,000
Upgrade of Roads Bhongweni		Upgrade of Roads Bhongweni							5,000
Parent Capital expenditure	1					60,057	37,967	79,821	45,509

2.9 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed three interns undergoing training in various divisions of the Financial Services Department. Two additional interns will be appointed with effect from 1 April 2014.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a Final stage and will be finalised after approval of the 2014/15 MTREF in May 2014 directly aligned and informed by the 2014/15 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009 was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.10 Municipal Manager's quality certificate

I **Zamokuhle Mkhize** Municipal Manager of Greater Kokstad Municipality, hereby certify that the Annual Final Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the Regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Print Name _____

Municipal Manager of Greater Kokstad Municipality (KZN 433)

Signature _____

Date ____2015- MAY- 27_____